

Remuneration Report

This Remuneration Report describes our executive remuneration philosophy, programs and objectives and explains the decisions of the Remuneration Committee and the Board of Directors (the “Board”) for our senior executive officers’ fiscal year 2016 remuneration.

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 ASX, we have voluntarily produced a remuneration report consistent with those provided by similarly situated companies for non-binding shareholder approval since 2005.

In this Remuneration Report, we first provide a summary of our business performance and the key remuneration considerations and decisions made in fiscal year 2016. 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 2016, our senior executive officers (Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”) and the other three highest paid executive officers based on total compensation that was earned or accrued for fiscal year 2016) (“Senior Executive Officers”) are:

- Louis Gries, CEO;
- Matthew Marsh, CFO and Executive Vice President – Corporate;
- Ryan Sullivan, Executive Vice President and President – James Hardie Building Products;
- Mark Fisher, Executive Vice President – International; and
- Joseph Blasko, General Counsel and Chief Compliance Officer

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

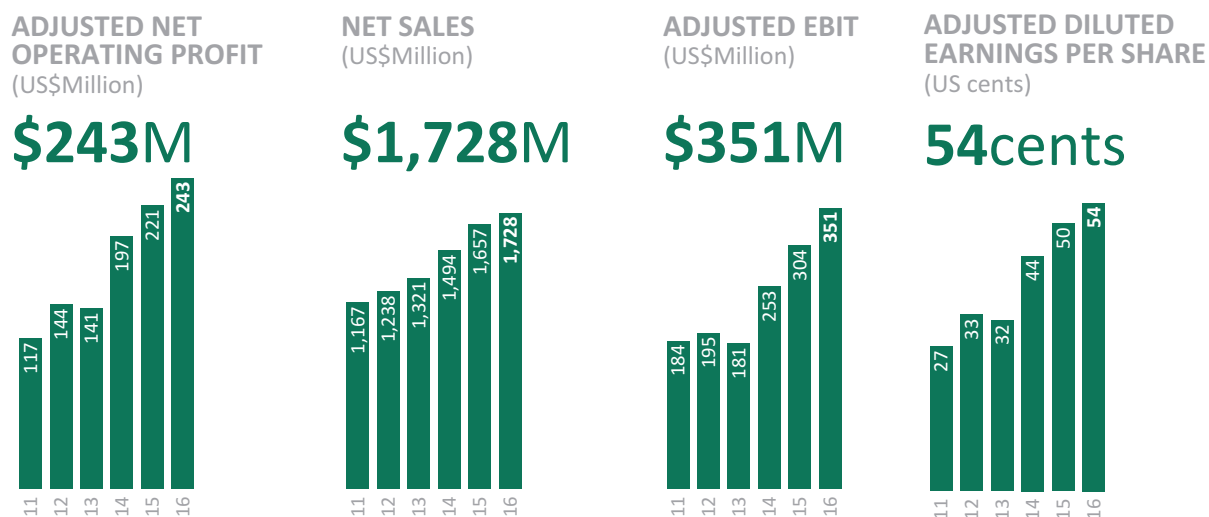
EXECUTIVE SUMMARY

Fiscal Year 2016 Business Highlights¹

We delivered strong financial performance in fiscal year 2016, highlighted by Adjusted net operating profit of US\$242.9 million, Adjusted earnings before interest and taxes (“EBIT”) of US\$350.7 million, and net sales of US\$1.7 billion. In addition, we achieved a 45% increase in net cash provided by operating activities, compared to the fiscal year 2015, and \$268.8 million of capital returned to shareholders through a combination of dividends and the previously announced share buyback program.

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 2016, with a comparison to prior corresponding periods:



Fiscal Year 2016 Compensation Highlights

Our fiscal year 2016 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 2015, 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 2016 pay programs:

- For fiscal year 2016, there were no increases in Mr Gries' base salary or short-term incentive ("STI") target. Mr Gries' target long-term incentive ("LTI") increased by US\$500,000 to US\$4.0 million. The Board made this adjustment in order to bring Mr Gries' total compensation package in line with the total compensation packages of CEOs in our Peer Group.
- Base salary increases for Messrs Marsh, Fisher, and Blasko 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 base salary increase for Mr Sullivan was made to properly align his base salary with the increased scope and accountability of his position. In addition, target LTI for fiscal year 2016 increased for Messrs Marsh, Sullivan, Fisher, and Blasko to better align LTI target values with (i) our CEO succession plan; (ii) our need to retain key senior executives through the eventual CEO transition process; (iii) our lean management structure; and (iv) the 75th percentile of

our Peer Group LTI values, consistent with our remuneration philosophy. Base pay and target LTI increases in fiscal year 2016 for Senior Executive Officers, other than the CEO are as follows:

Name	Base Salary		Target LTI	
	Fiscal Year 2015 (US\$)	Fiscal Year 2016 (US\$)	Fiscal Year 2015 (US\$)	Fiscal Year 2016 (US\$)
M Marsh	500,000	520,000	500,000	900,000
R Sullivan	420,000	520,000	500,000	900,000
M Fisher	490,000	500,000	500,000	650,000
J Blasko	360,000	380,000	300,000	400,000

- To better align and focus management's performance on initiatives that are key to our success, the Remuneration Committee approved changes to the performance measures for the US business under the company performance plan ("CP Plan") component of our annual STI. There are no changes to the other components of the CP Plan (performance measures for the Asia Pacific business, maximum payout levels and Remuneration Committee discretion on STI paid) or to the individual performance plan ("IP Plan") component of our annual STI. A complete description of the performance hurdles applicable for fiscal year 2016 for the CP Plan is set in the section titled "Incentive Arrangements" later in this Remuneration Report.
- The Remuneration Committee established a 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.

Fiscal Year 2016 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 2016:

Summary of Fiscal Year 2016 Senior Executive Officer Target Compensation				
Senior Executive Officer	FY2016 Annual Base Salary (US\$)	FY2016 STI Target Value (US\$)	FY2016 LTI Target Value (US\$)	FY2016 Total Target Compensation (US\$)
L Gries	950,000	1,187,500	4,000,000	6,137,500
M Marsh	520,000	312,000	900,000	1,732,000
R Sullivan	520,000	312,000	900,000	1,732,000
M Fisher	500,000	300,000	650,000	1,450,000
J Blasko	380,000	226,000	400,000	1,006,000

Results of 2016 Remuneration Report Vote

In August 2015, our shareholders were asked to cast a non-binding advisory vote on our remuneration report for the fiscal year ended 31 March 2015. 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 2015 Annual General Meeting, our shareholders approved our remuneration report, with more than 86% of the votes cast in support of our remuneration program. The Remuneration Committee considered the results of this supportive advisory vote, together with the other factors and data discussed in this Remuneration Report, in determining our executive remuneration policies, objectives and decisions, as well as our shareholder engagement efforts to communicate these, in fiscal year 2016.

APPROACH TO SENIOR EXECUTIVE REMUNERATIONRemuneration 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.

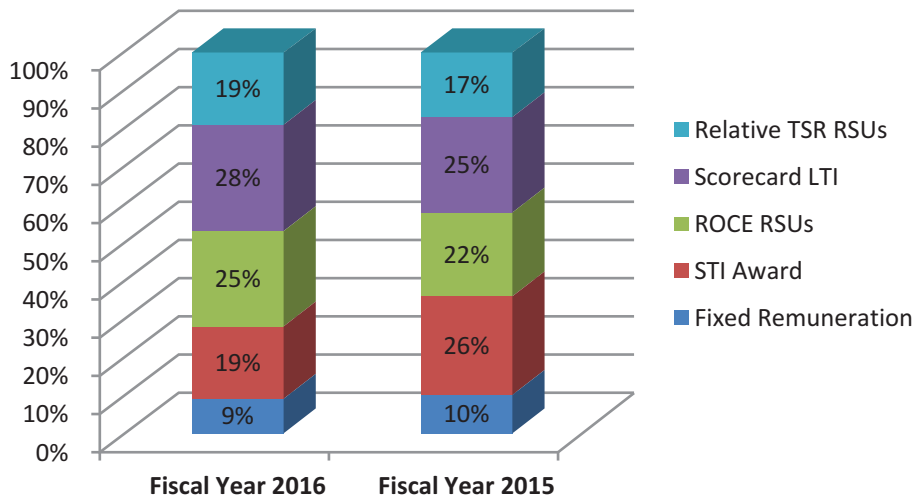
Composition of Remuneration Packages

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.

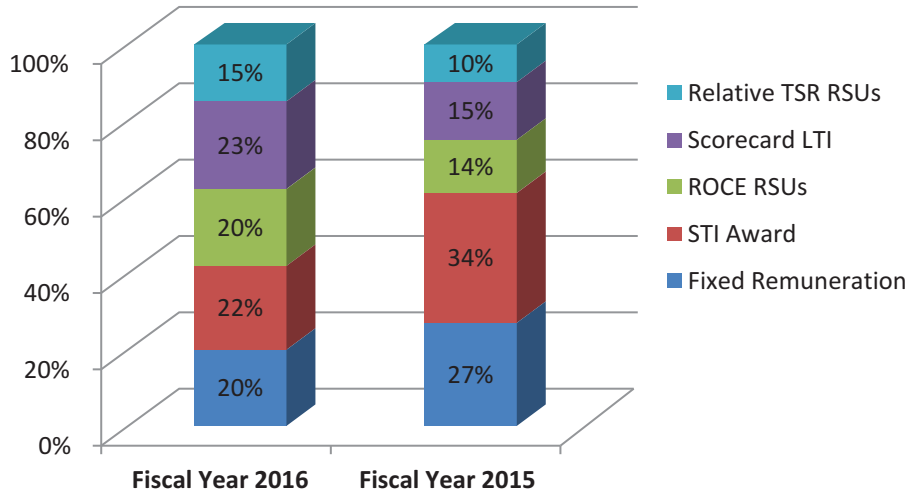
Relative Weightings of Fixed and Variable Remuneration

The charts below detail the relative weightings of fixed versus variable remuneration for the CEO and other Senior Executive Officers for fiscal years 2016 and 2015. Fixed remuneration includes base salary and other fixed benefits. Variable remuneration is comprised of STI Awards and the following three LTI components: (i) relative total shareholder return restricted stock units (“Relative TSR RSUs”); (ii) return on capital employed restricted stock units (“ROCE RSUs”); and (iii) scorecard long-term incentive (“Scorecard LTI”), each of which are discussed later in this Remuneration Report. STI Awards include amounts incurred 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 granted value.

CEO



Other Senior Executive Officers



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 the results of an annual remuneration positioning review provided by the Remuneration Committee’s independent advisor, as well as 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 David Harrison (Chairman), Brian Anderson, Russell Chenu, Michael Hammes and Alison Littlely, the majority 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 our investor relations 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:

What We Do	What We Don't Do
✓ Retain independent compensation advisors reporting directly to 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 67% 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 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 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 2016. The Remuneration Committee reviews the appointment of its advisors each year. Both Aon Hewitt and Guerdon Associates provided the Remuneration Committee with written certification during fiscal year 2016 to support their re-appointment. In those certifications, the advisors: (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 advisor for fiscal year 2017.

Peer Group 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 2016, the Peer Group remained unchanged from fiscal year 2015. 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 24 companies comprising the Peer Group are set forth below.

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

Performance Linkage with Remuneration Policy

During its annual review, the Remuneration Committee assessed our performance in fiscal year 2016 against the background of the continued gradual recovery in the US and Asia Pacific markets. This review included assessing fiscal year 2016 performance 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 2016 was on the whole: (i) significantly above target on earnings and slightly above target on growth measures, resulting in STI variable remuneration outcomes being above target for fiscal year 2016; and (ii) superior to the 75th percentile of our Peer Group on TSR performance and substantially above expectations on long-term strategic measures included in the Scorecard (when taken together with performance in fiscal years 2014 and 2015), resulting in LTI variable remuneration being above target for fiscal years 2014-2016.

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 37 through 48 of this Remuneration Report.

DESCRIPTION OF 2016 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, and 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 2016, the base salary and value of other fixed benefits for each of our Senior Executive Officers is provided in the Base Pay and Other Benefits columns of the remuneration table, in sectioned 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 2015 and have the amount of such reduction contributed to the 401(k) Plan, with a maximum eligible compensation limit of US\$265,000. 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 2016, 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 - 4.5 years)	Long Term Incentive Plan 2006 ("LTIP")	40% of LTI Target	ROCE RSUs
		30% of LTI Target	Relative TSR RSUs
		30% of LTI Target	Cash (Scorecard LTI)

STI Plans

On an annual basis, the Remuneration Committee approves a 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 2016, the STI target percentage for Mr Gries was 125% of base salary and 60% of base salary for Messrs Marsh, Sullivan, Fisher and Blasko, 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 2016, the 'circuit breaker' was set at 60% of our fiscal year 2016 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 (Messr Sullivan) or a composite multiple derived from the metrics for the US (80%) and Asia Pacific (20%) businesses combined (Messrs Gries, Marsh, Fisher and Blasko).

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, particularly in light of the continued, but gradual recovery of the US housing market, the Growth Measure is indexed to take into account changes in the US and Asia Pacific new housing starts and the US repair and remodel market and 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 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 2016 would have required performance above the average of performance for the previous three years and the fiscal year 2016 plan. Achieving a target payout for the Growth Measure requires growth substantially above market growth.

Additional US Performance Metrics

In addition to the Growth Measure and Return Measure components of the CP plan, for the US business only, the Remuneration Committee has implemented additional performance measures in order to better align and focus management's performance on initiatives that are key to the success of the US business. For fiscal year 2016, the Remuneration Committee approved changes to the performance measures for the US business to increase the weight of key business initiatives in the calculation of determining STI paid. As a result, the US payout multiple for fiscal year 2016 is determined by performance against the matrix multiple (Growth and Return measures for 70% of the 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 2016. 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 2016 would have required performance above performance for fiscal year 2015 for interiors volume growth 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 personal growth and development goals, 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 personal growth and development goals.

STI Plan Performance for Fiscal Year 2016

Our results and the subsequent STI payouts for fiscal year 2016 were above STI target as a result of:

- the US business performing substantially above target on the Return Measure due to lower production costs per unit, higher average net sales price, and lower organizational costs as a percentage of revenue;
- the US business performing below target on the Growth Measure;
- the US business performing significantly above target on the “Wood-look” Factor and above target on the Interiors Factor;
- Asia Pacific performing slightly above target on the Growth Measure due to the Australia and New Zealand businesses achieving growth above their respective targets, offset by the Philippines business achieving growth below target; and
- Asia Pacific performing above target on the Return Measure due to higher returns in Australia, New Zealand and the Philippines.

The Senior Executive Officers' performance and the subsequent STI payouts for fiscal year 2016 were generally at or above target based on each Senior Executive Officer's achievement of fiscal year 2016 one-year individual performance and personal growth and development goals.

For fiscal year 2016, 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". 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 2016 compared to fiscal year 2015 was:

	STI Award ¹	
	Awarded %	Forfeited %
<i>L Gries</i>		
Fiscal Year 2016	76	24
Fiscal Year 2015	100	-
<i>M Marsh</i>		
Fiscal Year 2016	76	24
Fiscal Year 2015	100	-
<i>R Sullivan</i>		
Fiscal Year 2016	80	20
Fiscal Year 2015	100	-
<i>M Fisher</i>		
Fiscal Year 2016	74	26
Fiscal Year 2015	98	2
<i>J Blasko</i>		
Fiscal Year 2016	74	26
Fiscal Year 2015	96	4

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.

LTI Plans

Each year, the Remuneration Committee approves a 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 Peer Group; 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 Amended and Restated James Hardie Industries plc Long Term Incentive Plan 2006 (the "LTIP"). During fiscal year 2016, our Senior Executive Officers were granted the following awards under the LTIP:

	ROCE RSUs	TSR RSUs	Scorecard LTI Units
L Gries	254,480	292,514	286,290
M Marsh	57,258	65,816	64,415
R Sullivan	57,258	65,816	64,415
M Fisher	41,353	47,533	46,522
J Blasko	25,448	29,251	28,629

RSUs issued under our LTI programs will be settled upon vesting in CUFS on a 1-to-1 basis. Unless the context indicates otherwise, in this Remuneration Report when we refer to our common stock, we are referring to the shares of our common stock that are represented by CUFS.

ROCE RSUs (40% 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:

- allow the Remuneration Committee to replace the interim one-year metrics previously used during the US housing downturn with three-year financial metrics;
- tie the reward's value to share price which provides alignment with shareholder interests;
- promote that we earn appropriate returns on the additional capital invested in response to the improvement in the US housing market;
- 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 2015, the maximum payout for the ROCE RSUs is 200% of target LTI. ROCE is determined by dividing Adjusted EBIT by Adjusted Capital Employed¹. 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 2013, 2014 and 2015 was 22.9%.

The hurdles for ROCE RSUs granted in fiscal year 2016 (for performance in fiscal years 2016 to 2018) were changed from those granted in fiscal year 2015 as follows:

Fiscal Years 2015-2016 ROCE	Fiscal Years 2016-2018 ROCE	% of ROCE RSUs to vest
< 22.0%	< 23.0%	0%
≥ 22.0%, but < 24.5%	≥ 23.0%, but < 25.0%	25%
≥ 24.5%, but < 27.0%	≥ 25.0%, but < 27.5%	50%
≥ 27.0%, but < 28.5%	≥ 27.5%, but < 28.5%	75%
≥ 28.5%	≥ 28.5%	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.

¹ 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) deducting the earnings impact of legacy issues (such as asbestos adjustments and New Zealand weathertightness); 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.

ROCE RSUs Vesting in Fiscal Year 2016 (For Fiscal Years 2013-2015)

As a component of the fiscal year 2013 LTI Plan, we granted ROCE RSUs in September 2012. The ROCE RSUs comprised 40% of each executive'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 2013-2015 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 vested
<18.5%	0%
≥18.5% but < 19.5%	25%
≥19.5% but <20.5%	50%
≥20.5% but <21.5%	75%
≥21.5%	100%

Based solely on the average ROCE result for fiscal years 2013-2015 of 22.9%, 100% of the ROCE RSUs granted 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 20%. As such, 80% of the outstanding fiscal year 2013 ROCE RSUs vested on 14 September 2015. Unvested ROCE RSUs from this grant were forfeited.

Relative TSR RSUs (30% 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 2015, the maximum payout for Relative TSR RSUs granted in fiscal year 2016 is 200% of target LTI.

Relative TSR, measure changes in our share price and the share prices of our Peer Group; and assumes all dividends and capital returns are reinvested when paid. Our relative TSR performance will be measured against the Peer Group over a 36 to 54 month period from grant date, with testing at the 36th month, 48th month and at the end of the 54 month period. To eliminate the impact of short-term share price changes, the starting point and each 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 vested
<40 th Percentile	0%
40 th Percentile	25%
>40 th Percentile - <60 th Percentile	Sliding Scale
60 th Percentile	50%
>60 th Percentile - <80 th Percentile	Sliding Scale
≥80 th Percentile	100%

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 2016

As part of the fiscal year 2011 LTI Plan, in September 2010 we granted five year Relative TSR RSUs to senior executives. Vesting of these Relative TSR RSUs was dependent on our TSR performance relative to a set peer group, based on the following schedule:

Performance against Peer Group	% of Relative TSR RSUs vested
<50 th Percentile	0%
50 th Percentile	33%
≥51 st but <75 th Percentile	Sliding Scale
≥75 th Percentile	100%

In September 2015, the final test of relative TSR performance was completed, resulting in our TSR performance at the 76.9th percentile of the peer group (bringing the total vesting percentage for these grants over the five-year performance period to 100%).

As part of the fiscal year 2012 LTI Plan, in September 2011 we granted five year Relative TSR RSUs to senior executives. Vesting of these Relative TSR RSUs was dependent on our TSR performance relative to a set peer group, based on the same schedule as noted above for the fiscal year 2010 grants. In September 2015, the third test of relative TSR performance was completed, bringing the total vesting for this grant to 53.37% based on our TSR performance at the 57.6th percentile of the peer group. The fourth performance test (in March 2016) for these grants did not result in any additional vesting.

As part of the fiscal year 2013 LTI Plan, in September 2012 we granted five year Relative TSR RSUs to senior executives. Vesting of these Relative TSR RSUs was dependent on our TSR performance relative to a set peer group, based on the following schedule:

Performance against Peer Group	% of Relative TSR RSUs vested
<40 th Percentile	0%
≥40 th but <80 th Percentile	Sliding Scale
≥80 th Percentile	100%

In September 2015, the first test of relative TSR performance was completed, resulting in 77% vesting for these grants based on our TSR performance at the 70.8th percentile of the peer group. The second performance test (in March 2016) for these grants did not result in any additional vesting.

Scorecard LTI (30% of target LTI)

We have used Scorecard LTI in 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 2016, 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 the fiscal year ended 31 March 2015. An assessment of our Scorecard performance for fiscal years 2014-2016 is set out below. We will provide an explanation of the final assessment of performance under the Scorecard for fiscal years 2016-2018 at the conclusion of fiscal year 2018.

Scorecard LTI for Fiscal Years 2014-2016

After fiscal year 2016, the Remuneration Committee reviewed our performance over fiscal years 2014-2016 against the Scorecard objectives set forth in fiscal year 2014, and the contribution of individual Senior Executive Officers towards the obtainment of such objectives. As a result of this evaluation, the Remuneration Committee determined that Senior Executive Officers received a weighted average Scorecard rating of 67.5% (with a range of 58% to 69%).

Performance Measure/ Rationale	Performance Metric/Results	Board Assessment
<p>Grow exterior cladding market share and maintain category share in the US business</p> <p>A key strategy for JH 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: PDG above market. Outperformance against 'wood-look' competition.</p> <p>Result: PDG performance above the Board requirement. Growth above key competition and slight increase in exterior cladding market share.</p>	<p>Performance exceeded expectations</p>
<p>Build US organizational and leadership capability in support of the 35/90 growth target</p> <p>The amount of growth that 35/90 entails requires lower turnover levels and an increase in management depth and organizational capability.</p>	<p>Goal: Satisfactory progress on turnover and engagement initiatives capability build demonstrated by greater bench strength of high performing managers.</p> <p>Result: No improvement on average turnover during the three-year period. The business has benefitted from recruiting programs, career development and mentoring and leadership programs that are part of the talent management and development initiatives. Bench strength and overall organizational capability build has not kept pace with internal demand for talent.</p>	<p>Performance below expectations</p>

Performance Measure/ Rationale	Performance Metric/Results	Board Assessment
<p>Manufacturing capacity planning and sourcing efficiency</p> <p>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 is effectively supporting our product leadership strategy.</p> <p>Result: Product and process efficiency above Board expectations for the three year period, material yield remained flat.</p>	<p>Performance exceeded expectations</p>
<p>Safety</p> <p>The safety of our employees is an essential objective of the Company.</p>	<p>Goal: No fatalities, 2.0 or below incident rate ("IR") and 20.0 or below severity rate ("SR").</p> <p>Result: <u>IR</u> <u>SR</u></p> <p>FY16 1.8 42.4 FY15 1.3 11.0 FY14 1.3 23.4</p>	<p>Performance below expectations</p>
<p>Effectively Manage Legacy Issues</p> <p>Minimize financial and market position impact of legacy issues.</p>	<p>Goal: Make acceptable progress on resolving or addressing issues.</p> <p>Result: Very positive progress on legacy issues over the three-year period with minimal impact or distraction on the business.</p>	<p>Performance exceeded expectations</p>
<p>Maintain market position on core products in Australian and NZ Markets and grow Scyon to greater proportion of Australian business</p> <p>Value creating opportunity.</p>	<p>Goal: Maintain or grow category share on core Australian and New Zealand products, achieve PDG in Australia and New Zealand and achieve growth of Scyon percentage of Australian business.</p> <p>Result: Category share and PDG in Australia and New Zealand, as well as Scyon growth, met Board expectations for the three-year period.</p>	<p>Performance met expectations</p>
<p>Australian capacity expansion</p> <p>The expansion will support expected growth over the next 20 years.</p>	<p>Goal: Completion of building construction, equipment installation and commissioning of Carole Park expansion.</p> <p>Result: Carole Park expansion complete, but start-up behind initial plan and spend was above budget. Production volumes at or above start-up expectations for most products.</p>	<p>Performance below expectations</p>

CHANGES TO REMUNERATION FOR FISCAL YEAR 2017

Remuneration for Fiscal Year 2017

During May 2016, 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 2017.

CEO Compensation

For fiscal year 2017, there will be no changes to the CEO's base salary, target STI or target LTI.

Other Senior Executive Officer Compensation

Base pay, target STI and target LTI increases in fiscal year 2017 for other Senior Executive Officers are as follows:

Name	Base Salary		Target STI		Target LTI	
	Fiscal Year 2016 (US\$)	Fiscal Year 2017 (US\$)	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2016 (US\$)	Fiscal Year 2017 (US\$)
M Marsh	520,000	560,000	60%	70%	900,000	1,200,000
R Sullivan	520,000	600,000	60%	80%	900,000	1,500,000
M Fisher	500,000	515,000	60%	60%	650,000	650,000
J Blasko	380,000	405,000	60%	60%	400,000	450,000

Base salary, STI target and LTI target increases for Messrs Marsh and Sullivan were made to properly align their base salaries with the increase in role scope and accountability that occurred for each during fiscal year 2016 in addition to better align their overall compensation practices with (i) our CEO succession plan, (ii) our need to retain key senior executives through the eventual CEO transition process, (iii) our lean management structure, and (iv) the 75th percentile of our Peer Group LTI values, consistent with our remuneration philosophy.

Base salary increases for Messrs Fisher and Blasko 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 small increase to Messr Blasko's LTI target was made to better align his LTI target value with the 75th percentile of our Peer Group, consistent with our remuneration philosophy.

STI Plans

There will be no changes to the operation of the IP or CP Plans for fiscal year 2017 other than to establish new commercial-in-confidence targets aligned with our strategic initiatives as we do every year.

LTI Plan

The Board and Remuneration Committee feel the current LTI Plan is having the desired effect of balancing the short-term focus of base salaries and STI program by tying equity-based rewards to performance achieved over multi-year periods and aligning equity incentives with long-term shareholder interests. Additionally, management understands the current plan and continues to be motivated by it. As such, the fiscal year 2017 LTI Plan is consistent with the plan for fiscal year 2016, with only minor updates to ROCE RSU hurdles and Scorecard objectives.

The 2016 Notice of Annual General Meeting will contain further details on the relative TSR RSU and ROCE RSU grants for fiscal year 2017. Changes to ROCE performance hurdles and Scorecard objectives for fiscal year 2017 are set forth below.

*Changes to LTI Variable Compensation for Fiscal Year 2017**ROCE RSUs*

The hurdles for ROCE RSUs to be granted in fiscal year 2017 (for performance in fiscal years 2017 to 2019) were increased from the hurdles for ROCE RSUs granted in fiscal year 2016 as follows:

Fiscal Years 2017-2019 ROCE	Fiscal Years 2016-2018 ROCE	% of ROCE RSUs to vest
< 24.0%	< 23.0%	0%
≥ 24.0%, but < 26.0%	≥ 23.0%, but < 25.0%	25%
≥ 26.0%, but < 28.5%	≥ 25.0%, but < 27.5%	50%
≥ 28.5%, but < 29.5%	≥ 27.5%, but < 28.5%	75%
≥ 29.5%	≥ 28.5%	100%

For fiscal year 2016, the Board has increased the threshold, target and maximum ROCE performance hurdles, thereby making it more difficult to achieve minimum, at target and maximum vesting. The Board believes this increase in performance hurdles is appropriate given the recovering housing market in the US and better optimization of manufacturing plants.

Scorecard LTI

The Remuneration Committee uses the Scorecard to set strategic objectives for which performance can only be assessed over a period of time. These objectives change from year-to-

year in line with our strategic priorities. For fiscal year 2017, the Remuneration Committee has set the following seven Scorecard goals:

Performance Goal/ Rationale	Performance Metric	Board Expectation
<p>Grow exterior cladding market share and maintain category share in the US business</p> <p>A key strategy for us is to maximize our market share growth/retention of the exterior cladding market for new housing starts and for repair and remodel markets.</p>	<p>Our PDG performance for exterior cladding compared to the underlying market (in standard feet) and outperformance of key competition.</p>	<p>PDG growth above market and outperformance against key competition.</p>
<p>Interiors Market Strategy Implementation</p> <p>Necessary to sustain interiors business revenue and EBIT, and grow beyond the Company's current market position.</p>	<p>PDG together with the entry into adjacent markets. The latter achievement can include developing new technologies, expanding into new product categories or the acquisition of new technologies.</p>	<p>PDG growth above market and technology and/or product adjacent to existing markets identified and in process of development.</p>
<p>Build US Organizational and Leadership Capability in Support of the "35/90" Growth Target</p> <p>In order to achieve 35/90, we will require lower turnover levels and an increase in management depth and organizational capability.</p>	<p>A range of factors including the rate of salaried voluntary turnover, execution of programs to build organizational capability and bench strength for key roles.</p>	<p>Continued focus on turnover and engagement initiatives, success in external recruitment, onboarding of key positions, programs to build organizational capability, and development of/successful execution on a management team succession plan.</p>
<p>Safety</p> <p>The safety of all employees is an essential objective of the Company.</p>	<p>Incident Rate (IR): Recordable incidents per 200,000 hours worked.</p> <p>Severity Rate (SR): Days lost per 200,000 hours worked.</p>	<p>Zero fatalities.</p> <p>IR: 2.0 or below.</p> <p>SR: 20.0 or below.</p>
<p>Pursue Organic Growth in All Asia Pacific Markets and Grow Scyon and New Products to Greater Proportion of Asia Pacific Business</p> <p>Value creating opportunity.</p>	<p>Category share and PDG.</p> <p>Continued growth of Scyon and introduction and growth of new products in Asia Pacific.</p>	<p>Grow category share on core Australian and New Zealand products.</p> <p>Grow PDG in Australia and New Zealand.</p> <p>Achieve growth in Scyon as well as the introduction of new products in Asia Pacific.</p>
<p>Manufacturing Effectiveness and Sourcing Efficiency</p> <p>We operate a national US network of manufacturing facilities.</p>	<p>First pass quality and service, as well as sheet machine product and process efficiency metrics.</p> <p>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>Define a Clear Vision and Strategy for Non-Fiber Cement Business</p> <p>Developing sustainable growth beyond the Company's traditional products may create shareholder value through increased profits and lower risk through diversification.</p>	<p>This measure is subjective and achievement can take many different forms, including developing a vision or business development framework, new technologies, or expanding into new product categories.</p>	<p>Progress against this goal will be reviewed to ensure any progress is supporting the Company's position in the non-fiber cement marketplace.</p>

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 year 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 LTI grants made to Messrs Gries, Sullivan, Marsh and Fisher are subject to clawback provisions (either in their respective employment agreement or award grant documents) 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.

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).

The CEO's holdings have exceeded the stock ownership guidelines for some years. All other Senior Executive Officers are tracking toward achievement of the minimum share accumulation threshold in accordance with the timeframe specified.

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 September 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 2016. There are no loans outstanding to Senior Executive Officers.

EMPLOYMENT AND SEVERANCE ARRANGEMENTS

We maintain employment agreements with Messrs Gries, Sullivan, Marsh and Fisher, the material terms of which are outlined below. 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 Remuneration Committee.
- Participation in 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 Ryan Sullivan

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

- Effective 15 May 2016, the Company entered into an employment agreement with Mr Sullivan (the "Sullivan Agreement"), which has an initial term of three years and automatic one year renewals thereafter unless either Mr Sullivan or the Company notifies the other party at least 90 days before the expiration date that the Sullivan 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 Sullivan Agreement) and subject to the termination without "Cause" provisions of the Sullivan Agreement.
- The Sullivan Agreement provide for a base salary of not less than US\$600,000 for Mr Sullivan, which shall be reviewed annually for increase in the discretion of the Remuneration Committee. Additionally, Mr Sullivan 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 80% of this the current base salary. Mr Sullivan 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\$1,500,000.

- Mr Sullivan 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 Sullivan 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 Sullivan with Good Reason; or (iv) termination by Mr Sullivan without good reason. In particular, in the event the Company terminates Mr Sullivan without Cause or Mr Sullivan voluntarily terminates for Good Reason, Mr Sullivan 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 Sullivan would be required to pay for COBRA continuation coverage under the James Hardie's health benefit plans, determined using the COBRA premium rate in effect for the level of coverage that Mr Sullivan has in place immediately prior to termination; and (vii) the Company will assist Mr Sullivan in finding other employment opportunities by providing to him, at James Hardie's limited expense, reasonable professional outplacement services through the provider of the James Hardie's choice for a period of up to 24 months.
- Pursuant to the confidentiality, non-competition and non-solicitation provisions of the Sullivan Agreement, for a period of 24 months following any termination of Mr Sullivan's employment, Mr Sullivan 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.

Employment Agreement with Matthew 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 provide for a base salary of not less than US\$560,000 for Mr Marsh, which 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; 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 the 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 the 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.

Employment Agreement with Mark Fisher

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

- Executive Employment Agreement effective as of 31 March 2006.
- Mr Fisher is an employee-at-will and either he or the Company may terminate his employment at any time or for any reason.

- Base salary subject to annual review and approval by Remuneration Committee.
- Participation in Company's annual STI and LTI Plans, 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 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) termination by the Company without cause or by Mr Fisher with good reason; or (iv) termination by Mr Fisher without good reason.
- In the event that Mr Fisher's employment is terminated by the Company for any reason other than for cause or due to his death or if Mr Fisher voluntarily terminates his employment for good reason, in addition to any compensation or reimbursements he would otherwise be entitled to up to the date of termination, the Company and Mr Fisher each agree to enter into a consulting arrangement for a minimum of two years, as long as Mr Fisher 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 Fisher will receive his annual base salary as of the termination date for each year in exchange for his consulting services and non-compete.

REMUNERATION PAID TO SENIOR EXECUTIVE OFFICERS

Total Remuneration for Senior Executive Officers

Details of the remuneration for Senior Executive Officers in fiscal years 2016 and 2015 are set out below:

(US dollars)	Primary			Post-employment	Equity Awards		TOTAL
	Name	Base Pay	STI Award ²	Other Benefits ³	401(k)	Ongoing Vesting ⁴	
L Gries¹							
Fiscal Year 2016	950,000	2,424,875	134,174	15,919	6,283,244	1,228,260	11,036,472
Fiscal Year 2015	950,000	3,206,250	156,059	15,440	8,319,665	(908,777)	11,738,637
M Marsh							
Fiscal Year 2016	513,846	637,104	49,233	16,177	965,366	67,910	2,249,636
Fiscal Year 2015	493,846	810,000	47,903	15,877	619,567	(48,658)	1,938,535
R Sullivan							
Fiscal Year 2016	489,231	673,023	70,796	10,085	770,382	58,778	2,072,295
Fiscal Year 2015	392,308	680,400	54,687	16,846	475,721	(50,189)	1,569,773
M Fisher							
Fiscal Year 2016	496,923	597,600	36,657	16,038	753,040	126,265	2,026,523
Fiscal Year 2015	486,923	779,100	39,887	15,738	835,874	(106,421)	2,051,101
J Blasko							
Fiscal Year 2016	373,846	454,176	56,987	16,177	485,451	88,935	1,475,572
Fiscal Year 2015	350,769	561,600	48,223	16,015	569,377	(80,719)	1,465,265
TOTAL							
Fiscal Year 2016	2,823,846	4,786,778	347,847	74,396	9,257,483	1,570,148	18,860,498
Fiscal Year 2015	2,673,846	6,037,350	346,759	79,916	10,820,204	(1,194,764)	18,763,311

- 1 L Gries base pay includes US\$170,184 and US\$161,449 in fiscal years 2016 and 2015, respectively, which is allocated for tax purposes to his services on the Company's Board.
- 2 For further details on STI awards paid for fiscal years 2016 and 2015, see page 41 of this Remuneration Report. Amounts reflect actual STI awards to be paid in June 2016 and paid in June 2015, for fiscal years 2016 and 2015, 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. 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 during the period in which the equity awards vest. For ROCE RSUs and Scorecard LTI awards, this amount excludes the equity award expense in fiscal years 2016 and 2015 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 and Scorecard LTI awards resulting solely from changes in the US dollar share price during fiscal years 2016 and 2015. During fiscal year 2016, there was a 17.4% appreciation in our share price from US\$11.65 to US\$13.68, as a result of changes in the AUD/USD exchange rate. During fiscal year 2015, there was an 11.8% depreciation in our share price from US\$13.21 to US\$11.65.

Variable Remuneration Payable in Future Years

Details of the accounting cost of the variable remuneration for fiscal year 2016 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 table below is based on the fair value of the RSUs and Scorecard LTI according to US generally accepted accounting standards and our estimate of the rating to be applied to Scorecard LTI.

	Scorecard LTI ¹ (US dollars)				ROCE RSUs ² (US dollars)				Relative TSR RSUs ³ (US dollars)			
	FY2016	FY2017	FY2018	FY2019	FY2016	FY2017	FY2018	FY2019	FY2016	FY2017	FY2018	FY2019
L Gries	468,721	868,443	868,443	404,480	312,481	578,962	578,962	269,653	439,296	813,923	813,923	381,317
M Marsh	105,461	195,397	195,397	91,007	70,308	130,266	130,266	60,672	98,842	183,134	183,134	85,797
R Sullivan	105,461	195,397	195,397	91,007	70,308	130,266	130,266	60,672	98,842	183,134	183,134	85,797
M Fisher	76,165	141,119	141,119	65,726	50,777	94,079	94,079	43,818	71,385	132,261	132,261	61,963
J Blasko	46,872	86,844	86,844	40,448	31,248	57,896	57,896	26,965	43,929	81,391	81,391	38,131
	802,680	1,487,200	1,487,200	692,668	535,122	991,469	991,469	461,780	752,294	1,393,843	1,393,843	653,005

- 1 Represents annual SG&A expense for Scorecard LTI granted in September 2015. 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 September 2018, 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 September 2015. The fair value of each RSU is adjusted for changes in our common stock price at each balance sheet date until September 2018 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 September 2015 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 2016.

Options

As at 30 April 2016, no Senior Executive Officers held stock options.

Restricted Stock Units

Name	Grant Date	Release Date	Holding and Invested at 1 April 2015	Granted	Total Value at Grant ¹ (US\$)	Vested	Lapsed	Holding and Invested at 30 April 2016	Fair Value per RSU ² (US\$)
<i>L Gries</i>	15-Sep-10 ³	15-Sep-13	128,405	577,255	\$2,595,627	(128,405)	-	-	\$ 4.4965
	15-Sep-11 ³	15-Sep-14	406,591	606,852	\$2,500,291	(123,603)	-	282,988	\$ 4.1201
	14-Sep-12 ³	14-Sep-15	273,732	273,732	\$2,041,356	(210,773)	-	62,959	\$ 7.4575
	14-Sep-12 ⁴	14-Sep-15	284,916	284,916	\$2,697,385	(227,932)	(56,984)	-	\$ 9.4673
	16-Sep-13 ³	16-Sep-16	295,824	295,824	\$1,994,593	-	-	295,824	\$ 6.7425
	16-Sep-13 ⁴	16-Sep-16	278,393	278,393	\$2,640,140	-	-	278,393	\$ 9.4835
	16-Sep-14 ^{3,5}	16-Sep-17	260,346	260,346	\$1,883,812	-	-	260,346	\$ 7.2358
	16-Sep-14 ⁴	16-Sep-17	232,980	232,980	\$2,607,442	-	-	232,980	\$11.1917
	16-Sep-15 ³	16-Sep-18	-	292,514	\$2,448,459	-	-	292,514	\$ 8.3704
	16-Sep-15 ⁴	16-Sep-18	-	254,480	\$3,227,875	-	-	254,480	\$12.6842
<i>M Marsh</i>	16-Sep-13 ³	16-Sep-16	33,400	33,400	\$ 225,200	-	-	33,400	\$ 6.7425
	16-Sep-13 ⁴	16-Sep-16	31,431	31,431	\$ 298,076	-	-	31,431	\$ 9.4835
	16-Sep-13 ⁶	16-Sep-16	56,128	56,128	\$ 482,734	-	-	56,128	\$ 8.6006
	16-Sep-14 ³	16-Sep-17	38,787	38,787	\$ 280,655	-	-	38,787	\$ 7.2358
	16-Sep-14 ⁴	16-Sep-17	33,283	33,283	\$ 372,493	-	-	33,283	\$11.1917
	16-Sep-15 ³	16-Sep-18	-	65,816	\$ 550,906	-	-	65,816	\$ 8.3704
16-Sep-15 ⁴	16-Sep-18	-	57,258	\$ 726,272	-	-	57,258	\$12.6842	
<i>R Sullivan</i>	15-Sep-11 ³	15-Sep-14	11,543	17,227	\$ 70,977	(3,509)	-	8,034	\$ 4.1201
	14-Sep-12 ³	14-Sep-15	7,064	7,064	\$ 52,680	(5,439)	-	1,625	\$ 7.4575
	14-Sep-12 ⁴	14-Sep-15	7,353	7,353	\$ 69,613	(5,882)	(1,471)	-	\$ 9.4673
	16-Sep-13 ³	16-Sep-16	23,857	23,857	\$ 160,856	-	-	23,857	\$ 6.7425
	16-Sep-13 ⁴	16-Sep-16	22,451	22,451	\$ 212,914	-	-	22,451	\$ 9.4835
	16-Sep-14 ³	16-Sep-17	38,787	38,787	\$ 280,655	-	-	38,787	\$ 7.2358
	16-Sep-14 ⁴	16-Sep-17	33,283	33,283	\$ 372,493	-	-	33,283	\$11.1917
	16-Sep-15 ³	16-Sep-18	-	65,816	\$ 550,906	-	-	65,816	\$ 8.3704
	16-Sep-15 ⁴	16-Sep-18	-	57,258	\$ 726,272	-	-	57,258	\$12.6842
<i>M Fisher</i>	15-Sep-10 ³	15-Sep-13	14,905	67,003	\$ 301,279	(14,905)	-	-	\$ 4.4965
	15-Sep-11 ³	15-Sep-14	45,906	68,516	\$ 282,293	(13,955)	-	31,951	\$ 4.1201
	14-Sep-12 ³	14-Sep-15	30,905	30,905	\$ 230,474	(23,796)	-	7,109	\$ 7.4575
	14-Sep-12 ⁴	14-Sep-15	32,168	32,168	\$ 304,544	(25,734)	(6,434)	-	\$ 9.4673
	16-Sep-13 ³	16-Sep-16	33,400	33,400	\$ 225,200	-	-	33,400	\$ 6.7425
	16-Sep-13 ⁴	16-Sep-16	31,431	31,431	\$ 298,076	-	-	31,431	\$ 9.4835
	16-Sep-14 ³	16-Sep-17	38,787	38,787	\$ 280,655	-	-	38,787	\$ 7.2358
	16-Sep-14 ⁴	16-Sep-17	33,283	33,283	\$ 372,493	-	-	33,283	\$11.1917
	16-Sep-15 ³	16-Sep-18	-	47,533	\$ 397,870	-	-	47,533	\$ 8.3704
	16-Sep-15 ⁴	16-Sep-18	-	41,353	\$ 524,530	-	-	41,353	\$12.6842
<i>J Blasko</i>	14-Sep-12 ³	14-Sep-15	22,075	22,075	\$ 164,624	(16,997)	-	5,078	\$ 7.4575
	14-Sep-12 ⁴	14-Sep-15	22,977	22,977	\$ 217,530	(18,381)	(4,596)	-	\$ 9.4673
	16-Sep-13 ³	16-Sep-16	23,857	23,857	\$ 160,856	-	-	23,857	\$ 6.7425
	16-Sep-13 ⁴	16-Sep-16	22,451	22,451	\$ 212,914	-	-	22,451	\$ 9.4835
	16-Sep-14 ³	16-Sep-17	23,272	23,272	\$ 168,392	-	-	23,272	\$ 7.2358
	16-Sep-14 ⁴	16-Sep-17	19,970	19,970	\$ 223,498	-	-	19,970	\$11.1917
	16-Sep-15 ³	16-Sep-18	-	29,251	\$ 244,843	-	-	29,251	\$ 8.3704
	16-Sep-15 ⁴	16-Sep-18	-	25,448	\$ 322,788	-	-	25,448	\$12.6842

- 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 and/or 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 Time vested RSUs granted under the 2001 JHI plc Equity Incentive Plan ("2001 Plan").

Scorecard LTI

Name	Grant Date	Release Date	Holding at 1 April 2015	Granted	Vested ¹	Lapsed	Holding at 30 April 2016
<i>L Gries</i>	14-Sep-12	14-Sep-15	320,531	320,531	(211,550)	(108,981)	-
	16-Sep-13 ²	16-Sep-16	313,192	313,192	-	-	313,192
	16-Sep-14	16-Sep-17	262,103	262,103	-	-	262,103
	16-Sep-15	16-Sep-18	-	286,290	-	-	286,290
<i>M Marsh</i>	16-Sep-13 ²	16-Sep-16	35,360	35,360	-	-	35,360
	16-Sep-14	16-Sep-17	37,443	37,443	-	-	37,443
	16-Sep-15	16-Sep-18	-	64,415	-	-	64,415
<i>R Sullivan</i>	14-Sep-12	14-Sep-15	8,272	8,272	(5,459)	(2,813)	-
	16-Sep-13 ²	16-Sep-16	25,257	25,257	-	-	25,257
	16-Sep-14	16-Sep-17	37,443	37,443	-	-	37,443
	16-Sep-15	16-Sep-18	-	64,415	-	-	64,415
<i>M Fisher</i>	14-Sep-12	14-Sep-15	36,189	36,189	(19,903)	(16,286)	-
	16-Sep-13 ²	16-Sep-16	35,360	35,360	-	-	35,360
	16-Sep-14	16-Sep-17	37,443	37,443	-	-	37,443
	16-Sep-15	16-Sep-18	-	46,522	-	-	46,522
<i>J Blasko</i>	14-Sep-12	14-Sep-15	25,849	25,849	(14,216)	(11,633)	-
	16-Sep-13 ²	16-Sep-16	25,257	25,257	-	-	25,257
	16-Sep-14	16-Sep-17	22,466	22,466	-	-	22,466
	16-Sep-15	16-Sep-18	-	28,629	-	-	28,629

- 1 Represents the number of Scorecard LTI awards vesting after the Remuneration Committee's application of the scorecard in respect of fiscal years 2013-2015. A detailed assessment of the reasons for the scorecard ratings was set out in the fiscal year 2015 Remuneration Report.
- 2 Scorecard LTI awards in respect of fiscal years 2014-2016 will vest on 16 September 2016. A detailed assessment of the Remuneration Committee's assessment of management's performance is set out on pages 47-48 of this Remuneration Report.

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 2014 AGM approved the current maximum aggregate base and committee fee pool of US\$2.3 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, Deputy Chairman and Board Committee Chairman, as well as for attendance at ad-hoc sub-committee meetings.

During fiscal year 2016, 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 year 2016 and the fee increase was effective from the start of the calendar year. The annual fee adjustment when calculated on a fiscal year basis equates to a 10.1% increase in base fee.

The tax equalization allowance, incorporated in the US domiciled chairman, audit committee chair and remuneration committee chair fees for fiscal years 2014, 2015 and 2016, has been discontinued for fiscal year 2017. The purpose of this allowance was to compensate the US domiciled directors for the reduction in net of tax compensation they received as a result of the Company's re-domicile from the Netherlands to Ireland and this arrangement was concluded in fiscal year 2016.

Position	Fiscal Year 2016 (US\$)	Fiscal Year 2017 (US\$)
Chairman	464,984	402,426
Deputy Chairman	227,112	244,294
Board member	170,184	187,366
Audit Committee Chair	68,750	20,000
Remuneration Committee Chair	68,750	20,000
N&GC 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 up to 1.5 times (and two times for the Chairman) the 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 2016 and 2015

The table below sets out the remuneration for those non-executive directors who served on the Board during the fiscal years ended 31 March 2016 and 2015:

(US dollars) Name	Primary Directors' Fees ¹	Other Payments ²	Other Benefits ³	TOTAL
M Hammes				
Fiscal Year 2016	473,984	96,047	16,740	586,771
Fiscal Year 2015	468,754	-	15,715	484,469
D McGauchie				
Fiscal Year 2016	232,922	-	15,741	248,663
Fiscal Year 2015	237,335	-	23,444	260,779
B Anderson				
Fiscal Year 2016	244,935	72,605	-	317,540
Fiscal Year 2015	238,199	-	-	238,199
D Harrison				
Fiscal Year 2016	238,934	49,308	7,307	295,549
Fiscal Year 2015	235,199	-	11,991	247,190
A Littley				
Fiscal Year 2016	179,184	-	-	179,184
Fiscal Year 2015	167,449	-	-	167,449
J Osborne				
Fiscal Year 2016	179,184	-	-	179,184
Fiscal Year 2015	170,449	-	-	170,449
R Van Der Meer				
Fiscal Year 2016	188,847	-	-	188,847
Fiscal Year 2015	161,449	-	-	161,449

Total Remuneration for Non-Executive Directors (continued)				
(US dollars) Name	Primary Directors' Fees¹	Other Payments²	Other Benefits³	TOTAL
R Chenu ⁴				
Fiscal Year 2016	170,184	-	-	170,184
Fiscal Year 2015	101,717	-	22,879	124,596
A Gisle Joosen⁵				
Fiscal Year 2016	173,184	-	-	173,184
Fiscal Year 2015	5,363	-	-	5,363
Total Compensation for Non-Executive Directors				
Fiscal Year 2016	2,081,358	217,960	39,788	2,339,106
Fiscal Year 2015	1,785,914	-	74,029	1,859,943

- 1 Amount includes base, Chairman, Deputy Chairman, Committee Chairman fees, as well as fees for attendance at ad hoc sub-committee meetings.
- 2 Amount relates to a one-off payment to partially compensate non-executive directors who have received a reduction in net compensation following the Company's re-domicile from the Netherlands to Ireland. The impact of the re-domicile meant that US based non-executive directors incurred an increased income tax burden since the Irish tax rate is significantly higher than the US tax rate. The Board deferred consideration of such tax equalization measure for the affected non-executive directors until: (i) it fully understood the tax implications for the affected directors; and (ii) there was a clear improvement in the US housing market and business results began to improve.
- 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. In addition to these costs, travel and subsistence expenses incurred by non-executive directors in attending board meetings held in Ireland which are paid or reimbursed by the Company have, pursuant to a direction from the Irish Revenue Commissioners effective from February 2014, been grossed up and subjected to Irish income taxes. The aggregate cost to the Company, including income taxes, for these costs in fiscal year 2016 and 2015 were US\$282,789 and US\$447,355, respectively. New Irish tax legislation was enacted with effect from January 2016 that specifically exempts travel and subsistence expenses incurred by non-executive directors in attending board meetings from Irish income taxes.
- 4 Appointed to the Board on 15 August 2014. 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.
- 5 Appointed to the Board on 20 March 2015.

Director Remuneration for the years ended 31 March 2016 and 2015

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	
	2016	2015
Managerial Services ¹	\$ 10,866,287	\$ 11,577,188
Director Services ²	2,792,080	2,468,747
	<u>\$ 13,658,367</u>	<u>\$ 14,045,935</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, Deputy Chairman, Committee Chairman and cost of non-employee directors' fiscal compliance in Ireland, other costs connected with Board-related events paid for by the Company, travel and subsistence expenses incurred by non-executive directors in attending board meetings held in Ireland paid or reimbursed by the Company which have, pursuant to a direction from the Irish Revenue Commissioners effective from February 2014, been grossed up and subjected to Irish income taxes and a proportion of the CEO's remuneration paid as fees for his service on the JHI plc Board in fiscal years 2016 and 2015. New Irish tax legislation was enacted with effect from January 2016 that specifically exempts travel and subsistence expenses incurred by non-executive directors in attending board meetings from Irish income taxes.

Share Ownership and Stock Based Compensation Arrangements

As of 30 April 2016 and 30 April 2015, the number of CUFS and RSUs beneficially owned by Senior Executive Officers is set forth below:

Name	CUFS at 30 April 2016	CUFS at 30 April 2015	RSUs at 30 April 2016	RSUs at 30 April 2015
L Gries	454,334	522,278	1,960,484	2,161,187
M Marsh	-	-	316,103	193,029
R Sullivan	15,459	7,427	251,111	144,338
M Fisher	91,767	149,689	264,847	260,785
J Blasko	18,917	-	149,327	134,602

As of 30 April 2016 and 30 April 2015, the number of CUFS and RSUs beneficially owned by non-executive directors is set forth below:

Name	CUFS at 30 April 2016	CUFS at 30 April 2015
M Hammes ¹	44,109	40,462
D McGauchie	8,372	20,372
B Anderson ²	18,920	16,995
R Chenu ³	93,712	156,306
A Gisle Joosen ⁴	1,000	-
D Harrison ⁵	19,259	17,184
A Littlely ⁶	2,045	-
J Osborne ⁷	11,951	11,951
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 CUFSS held in the name of Mr Anderson, 390 CUFSS held as ADSs in the name of Mr Anderson and 10,895 CUFSS held as ADSs in the name of Mr and Mrs Anderson.
- 3 Appointed to the Board on 15 August 2014. Mr Chenu also holds 32,306 RSUs as of 30 April 2016, over which he has no voting or investment control. These RSUs were previously granted to Mr Chenu during the term of his prior service as an executive officer of the Company. The vesting of these RSUs remains subject to the achievement of applicable performance criteria, as set forth under the terms of the applicable award agreement.
- 4 Appointed to the Board on 20 March 2015.
- 5 2,384 CUFSS held in the name of Mr Harrison, 1,000 CUFSS held as ADSs in the name of Mr Harrison and 15,875 CUFSS held in the name of Mr and Mrs Harrison.
- 6 2,045 CUFSS held as ADSs in the name of Ms Littley.
- 7 2,551 CUFSS held in the name of Mr Osborne and 9,400 CUFSS held in the name of Aurum Nominees Limited and held on behalf of Mr Osborne as beneficial owner.

Based on 445,580,065 shares of common stock outstanding at 30 April 2016 (all of which are subject to CUFSS), no director or Senior Executive Officer beneficially owned 1% or more of the outstanding shares of the Company at 30 April 2016 and none of the shares held by directors or Senior Executive Officers have any special voting rights. As of 30 April 2016, 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 2016, 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 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 2016, there were 3,347,644 RSUs outstanding under the LTIP, divided as follows:

Restricted Stock Units				
Grant Type	Grant Date	Granted	Vested as of 31 March 2016	Outstanding as of 31 March 2016
TSR	September 2011	954,705	445,833	389,575
TSR	September 2012	432,654	306,214	91,474
TSR	September 2013	489,888	-	477,297
ROCE	September 2013	461,019	-	443,059
TSR	September 2014	459,317	-	459,317
ROCE	September 2014	403,716	-	403,716
TSR	September 2015	579,262	-	579,262
ROCE	September 2015	503,944	-	503,944
Total Outstanding				3,347,644

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 2016, there were 1,519,556 Scorecard LTI units outstanding under the LTIP, divided as follows:

Grant Type	Grant Date	Granted	Vested as of 31 March 2016	Outstanding as of 31 March 2016
Scorecard	September 2013	518,647	-	498,441
Scorecard	September 2014	454,179	-	454,179
Scorecard	September 2015	566,936	-	566,936
Total Outstanding				1,519,556

For additional information regarding the LTIP and award grants made thereunder, see Note 16 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. All of the outstanding options and RSUs granted under the 2001 Plan 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, with the exception of the 16 September 2013 grant to the CFO which cliff vests on the third anniversary of the grant 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.

Although the 2001 Plan permits the Remuneration Committee to grant stock options, performance awards, restricted stock awards, stock appreciation rights, dividend equivalent rights or other stock based benefits; however, no such awards are currently outstanding.

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 2016, there were 104,027 options outstanding under the 2001 Plan, divided as follows:

Options		
Grant Date	Granted	Outstanding as of 31 March 2016
November 2006	3,499,490	43,500
December 2007	5,031,310	60,527
Total Outstanding		104,027

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 327,354, 329,192 and 315,749 restricted stock units under the 2001 Plan in the years ended 31 March 2016, 2015 and 2014, respectively. Additionally, the Company has on occasion issued a small number of cash settled awards. As of 31 March 2016, there were 701,810 restricted stock units outstanding under this plan, divided as follows:

Restricted Stock Units			
Grant Date	Granted	Vested as of 31 March 2016	Outstanding as of 31 March 2016
September 2013	56,128	-	56,128
December 2013	259,621	114,253	102,462
December 2014	329,192	78,054	223,117
December 2015	327,354	111	320,103
Total Outstanding			701,810

For additional information regarding the 2001 Plan and award grants made thereunder, see Note 16 to our consolidated financial statements.