

## **JAMES HARDIE INDUSTRIES plc**

### **Board Charter**

#### **1. Role and Responsibilities of the Board**

##### **1.1 Role of the Board**

The principal role of the Board of Directors (**Board**) of James Hardie Industries plc (**Company**) is to promote and protect shareholder value by providing strategic guidance to management and overseeing management's implementation of the Company's strategic goals and objectives.

##### **1.2 Matters Reserved for the Board**

The Board has reserved the following matters for its decision:

###### **(i) Board Membership and Other Appointments**

- Oversee the definition of the Company's and its subsidiaries' (collectively, the **Group**) management structure and management responsibilities;
- Appoint, remove and assess the performance and approve the remuneration of the Chief Executive Officer (**CEO**) and Chief Financial Officer (**CFO**);
- Appoint and recommend the re-election of directors;
- Appoint and remove the Chair and Deputy Chair;
- Succession planning for the Board and the CEO;
- Changes to the structure, size and composition of the Board;
- Establishment, composition and charters of Board committees;
- Appointment, reappointment or removal of the external auditor to be put to shareholders for approval in general meeting;
- Oversee other matters specifically reserved for a Board committee in that Committee's Charter;

###### **(ii) Strategy Review and Oversight**

- Approve overall strategy for the Group, including the 3-year business plan, monitor developments and approve amendments;
- Oversee management's implementation of the Company's strategic objectives and its performance generally;
- Approve the Group's annual operating and capital expenditure budgets;
- Approve the recommendations of the CEO, CFO or General Counsel in relation to significant matters such as material acquisitions, new activities,

joint ventures, material contracts, decisions to cease to operate all or any material part of the Group's business, or other matters, all above the authority levels of the CEO, CFO or General Counsel;

- Approve any matter relating to the Group as a whole, or to any part of it, other than Company itself which is above the authority levels or not otherwise delegated to the CEO, CFO or General Counsel;
- Approve any other matter which the CEO considers ought to be approved by the Board or which the Board asks to be brought to it for approval;

(iii) Shareholders

- Convene shareholders' meetings and approve the notice of meeting for those meetings, including making recommendations to shareholders on any matters requiring shareholder approval such as changes to the Company's Constitution or capital structure;
- Approve annual and periodic reports and notices of shareholder meetings and shareholder communications about strategic matters, including circulars, prospectuses and listing particulars;

(iv) Corporate Governance

- Oversee corporate governance matters including determining the independence of directors, evaluation of the Board's own performance and considering the balance of interests between shareholders, employees, customers and the community;
- Approve transactions imposing personal obligations on directors;

(v) Accounts, Dividends, Capital Structure and Allocation

- Oversee the integrity of the Company's accounting and corporate reporting systems, including the external audit;
- Approve the quarterly, half yearly and annual results, financial statements and media releases, including earnings guidance, any significant change in accounting policies or practices on which they are based, and the annual reports the Group is required to produce in Ireland, the United States and Australia;
- Approve the dividend policy, declare ordinary and special dividends to shareholders;
- Approve decisions concerning the capital of the Company, including returns of capital, share buy backs and any other returns to shareholders;
- Approve debt facilities above the approval thresholds and equity raisings;

(vi) Control, Audit and Risk Management

- Ensure that the Company has in place an appropriate risk management framework and that the risk appetite and tolerances are set at an appropriate level which the Board expects management to operate within;
- Receive the reports of the Audit Committee regarding its review of internal control systems, risk management strategy and monitoring of Group-wide risks, internal audit performance and periodic reports, the remuneration, performance and appointment or removal of the external auditor and related party transactions;
- Provide oversight of the Company's principles relating to occupational health and safety and environmental stewardship and sustainability, including reviewing reports from management regarding these subjects and evaluating the effectiveness of these principles;
- Review periodically the authority levels of the CEO, CFO, General Counsel, other designated senior executives and below and any general or specific powers of attorney;
- Approve guarantees of subsidiary or third-party obligations;

(vii) Capital Expenditure

- Approve budgeted capital expenditure where the proposed expenditure exceeds the amount approved in the budget and authority levels;
- Approve non-budgeted capital expenditure above the authority level of the CEO;

(viii) Remuneration

- Approve the Company's framework of remuneration and its cost;
- Approve the remuneration of non-executive directors;

(ix) Regulatory and Reputational Issues

- Oversee matters materially affecting the reputation or financial position of the Company or its subsidiaries;
- Oversee the Company's process for making timely and balanced disclosures of all material information concerning the entity that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- Oversee material regulatory issues affecting the Company or the Group;

(x) Miscellaneous

- Approve Group policy in relation to:
  - Workplace Diversity Policy, including developing a diversity strategy and setting measurable objectives for achieving gender diversity;

- Global Code of Business Conduct;
- Insider Trading Policy for Board members and designated employees;
- Pension Policy, if any, and the appointments of trustees of the Company's pension schemes or 401(k) plans;
- The making of political donations;
- Appointment or removal of the Company Secretary;
- Changes relating to the name of the Company or its status as a public limited company;
- Review the Company's directors' and officers' liability insurance;
- Review management's decisions to appoint or dismiss key corporate advisors.
- Review plans for senior management succession.

## **2. Delegation to the CEO**

- 2.1 The Board has delegated responsibility for the day-to-day management of the Company's affairs and the implementation of corporate strategy to the CEO. The responsibilities delegated to the CEO are determined by the Board and include limits on the way in which the CEO can exercise such authority. The Board reviews the responsibilities delegated to the CEO to ensure that the division of responsibilities remains appropriate to the needs of the Company. Where proposed transactions, commitments or arrangements exceed the parameters set by the Board, the matters is referred to the Board for its consideration and approval.

## **3. Delegation to Board Committees**

- 3.1 The Board may establish Board committees to assist in discharging its responsibilities and in fulfilling its oversight role. The Board shall approve the charters for each Board committee, including the Board committee's authority, composition, duties and responsibilities.
- 3.2 The Board has established the following standing Board committees: (i) Audit Committee; (ii) Remuneration Committee; and (iii) Nominating & Governance Committee. Each standing Board committee shall meet at least quarterly and has a scheduled annual calendar of meetings and discussion topics to assist it to properly discharge all of its responsibilities. The Board appoints the Chair of each Board Committee.
- 3.3 All non-executive directors receive access to all committee materials (where there is no conflict of interest) and may attend any committee meeting, whether or not they are members of such committee. All non-executive directors also receive the minutes of each committee's deliberations and findings and each

committee Chair reports to the Board at each scheduled Board meeting on their activities.

- 3.4 The Board may also establish ad-hoc committees and delegate specific functions to those committees to address particular matters. The matters delegated to these committees shall be set out in the relevant Board resolution.

#### **4. Chair**

- 4.1 In an effort to promote the efficient undertaking of its roles and responsibilities, the Board appoints one of its independent, non-executive members, as Chair. The Board may appoint one of its independent non-executive directors as Deputy Chair to assist the Chair in his role and to fulfill the obligations of Chair in his absence. The Chair co-ordinates the Board's duties and responsibilities and acts as an active liaison between management and non-executive directors, maintaining frequent contact with the CEO and being advised generally on the progress of the Board and committee meetings. In this role the Chair:

- provides leadership to the Board;
- chairs the Board and shareholders meetings;
- facilitates Board discussion;
- monitor and evaluates and assesses the performance of the Board; and
- is a member of and attends meetings of all standing committees.

#### **5. Board Independence**

- 5.1 In accordance with the Australian Securities Exchange (**ASX**) Corporate Governance Council's Corporate Governance Principles and Recommendations (4<sup>th</sup> Edition) (**ASX Principles**) and the New York Stock Exchange (**NYSE**) Corporate Governance Standards (**NYSE Standards**), the Company requires that a majority of directors on the Board and Board committees, as well as the Chair of the Board and each committee, be independent, unless a greater number is required to be independent under the rules and regulations of the ASX, the NYSE or other applicable regulatory body.
- 5.2 All non-executive directors are expected to bring their independent views and judgement to the Board and committees and must declare any potential or actual conflict of interest. For a director to be considered independent, the Board must determine the director does not have any direct or indirect or other business relationship that could materially interfere with such director's exercise of independent judgement. In assessing the independence of each director, the Board considers the standards for determining director independence set forth in the ASX Principles and the NYSE Standards and evaluates all potential conflicting relationships on a case by case basis, considering the materiality of each potential or actual conflict of interest.

- 5.3 Directors are required to notify the Chair of the Board before accepting any new appointment as a director of another listed entity, any other material directorship, any other position with a significant time commitment attached or any appointment which has the potential to create a conflict with the interests of the Company.
- 5.4 Directors must keep the Board informed on an ongoing basis of any interests, including positions, associations or relationships that could bear upon his or her independence and/or potentially conflict with those of the Company.

## **6. Tenure**

- 6.1 The Board does not impose a prescribed limit on tenure. The length of tenure of individual directors is one of the many factors considered by the Board when assessing the independence, performance and contribution of a director, in succession planning, and as part of the Board's decision making process when considering whether a director should be recommended by the Board for re-election.

## **7. Board Size and Composition**

- 7.1 The Board together with the Nominating and Governance Committee, determine and review from time to time the size and composition of the Board and the Board committees having regard to the mix of skills, experience, diversity and independence of directors and subject to the terms of the Company's Constitution. The number of directors shall not be less than three or more than twelve. The Board shall comprise a majority of independent non-executive directors.
- 7.2 The Board seeks to achieve a range of skills, competencies and experience to maximise the effectiveness of the Board, taking into consideration the strategic objectives of the Company.

## **8. Appointment of Directors**

- 8.1 Directors may be elected by shareholders at general meetings or appointed by the Board if there is a vacancy and recommended to shareholders for election at the next general meeting. In accordance with the Company's Constitution, no non-executive director shall hold office for a continuous period of more than three years without being re-elected by shareholders at an AGM. The Company's Constitution provides that directors (excluding the CEO) are designated as either Class I, Class II or Class III directors. Upon the expiration of the term of a class of directors at an AGM, each director in that class may, if willing to act and if the Board so recommends, put themselves forward for re-election at that same AGM to serve from the time of re-election until the third AGM following his or her re-election. If a director is not put forward for re-

election, or not re-elected, at the relevant AGM then the director will cease to hold office at the conclusion of that AGM. In order to ensure the director classes remain appropriately balanced, the Board will have the ability to re-designate directors from one class to another, notwithstanding the fact that this may shorten the term of a director.

- 8.2 The terms of engagement for non-executive directors are set out in their letters of appointment. Before appointment to the Board, candidates must confirm that they will be able to devote a sufficient time meet their obligations to the Company. Appropriate background checks are made before a new non-executive director is appointed.

## **9. Company Secretary**

- 9.1 The Company Secretary, through the Chair, is accountable to the Board and his or her appointment is a matter for the Board as a whole.
- 9.2 The Company Secretary is responsible to the Board for ensuring that all Board procedures are complied with and advising the Board on governance matters.
- 9.3 The duties of the Company Secretary include:
- advising the Board and its committees on governance matters;
  - monitoring that Board and committee policy and procedures are followed;
  - coordinating the timely completion and dispatch of Board and committee papers;
  - ensuring that the business at Board and committee meetings is accurately captured in the minutes; and
  - helping to organize and facilitate the induction and professional development of directors.

## **10. Independent Advice**

- 10.1 The Board may seek independent professional advice at the Company's expense for the proper performance of their duties.

## **11. Charter Review**

- 11.1 This Charter shall be reviewed by the Board annually or as required to ensure that it remains appropriate to meet the Company's needs.

Approved 7 August 2020