

What makes James Hardie a good place to work

To achieve the growth we are targeting, we must have the right people, in the right numbers, prepared for the leadership and new business opportunities and challenges ahead.

Our human resources efforts are therefore concentrated on recruiting and developing people to create the company's next generation of managers and leaders.

Attracting and rewarding the right people

To find the talented, hardworking, committed people we need to achieve our growth targets, we use a variety of conventional, best-practice recruitment processes, and we encourage existing employees to offer their own referrals.

To retain our high calibre employees, James Hardie pays competitive salaries, supplemented by a range of performance and skill-based bonus and remuneration schemes. In the United States, for example, front line plant employees are paid competitive wages after they have demonstrated certain skills or knowledge.

Key managers' goals are closely aligned with the company's performance through an Economic Profit Incentive Plan that provides competitive year-end bonus payments to participants when the company achieves a profit target in excess of the cost of capital.

Keeping our people safe

James Hardie has a Health & Safety Policy that acknowledges:

- Employee health, safety and protection of the environment are critical to the way we operate and do business.
- All injuries, occupational illnesses and incidents are preventable. Our goal is zero injuries, occupational illnesses and environmental incidents.
- We strive to continuously improve our EH&S performance, and the implementation of sound management systems, training, regular review and corrective action are priorities.
- All employees have a responsibility to themselves and others to act in a way that contributes to a safer, healthier and improved environment at work, at home and in the community.

EVERYONE IS REWARDED WHEN WE WORK TOGETHER



In the year ended March 2003, the company recorded a 25% drop in the Recordable Case Frequency Rate.

Last year, the USA Fibre Cement business set itself the goal of reducing its total case incident rate by 25% by implementing accountability programs, establishing core procedures and employee training. At the end of March 2003, it had exceeded its goal, recording a 40% reduction in the incident rate. The new goal, for March 2004, is a further 35% reduction.

After recording a 30% reduction in the total Recordable Case Frequency Rate for the year to March 2002, the Asia Pacific Region only achieved a modest reduction in the Recordable Frequency Rate against the planned 20% in year to March 2003. Its goal is to reduce this by a further 20% by March 2004.

Our commitment to employee well-being also extends beyond work. James Hardie employees have access to free assistance or support programs run by third party service providers. Employees and members of their immediate families can speak confidentially to professional counsellors

24-hours a day, 7-days a week, for help with work concerns, stress or family issues, drug and alcohol problems, bereavement and other life challenges.

Involving families

To recognise the important contribution that employees' families make to the performance of our businesses, individual plant managers organise a variety of activities to involve families in the workplace.

Developing our people

We operate programs to train and develop employees who have the potential to be part of our next generation of leaders and who can help us capitalise on the ambitious agenda we have set to build new businesses, launch new products and expand the company.

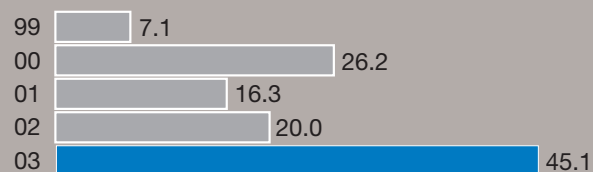
In the United States, we operate Skill Based Training for frontline employees and Tier 1 training for new supervisors and managers. Australian employees are encouraged to complete work-based competency accreditation in specific areas, such as Distribution, Transport or Manufacturing.

Managers from all countries are eligible to participate in our Tier 2 and 3 leadership development programs in the United States in the form of a mini-MBA at Wharton Business School at the University of Pennsylvania and Kellogg Business School at Northwestern University. Both are recognised as being in the top five business schools in the United States.

Superannuation and share plans

All James Hardie employees have access to superannuation or individual retirement savings plans. In the United States, the company matches employee contributions to the 401(k) retirement plan at a dollar for dollar rate, up to 6% of the individual's salary or a dollar cap. Many employees participate in our share and option plans, which encourage them to become shareholders and think and act like owners of James Hardie.

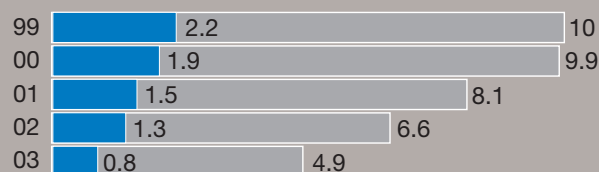
EBIT/Employee (Thousands of US dollars)



Net Sales/Employee (Thousands of US dollars)



James Hardie Safety Performance



■ Lost Workday Case Frequency
 ■ Recordable Case Frequency
 Frequency per 200,000 hours worked