

Our performance-based culture

James Hardie is a meritocracy where bright people who work effectively enjoy success that is based on their performance. We make sure we have the right level of abilities in place for the demands of each position, and we train and develop people to achieve the best of which they are capable, so they, and James Hardie, can thrive and achieve our vision.

We reward performance

To reinforce our values, we reward individual and team performance and achievement, and appropriate behaviour and competence. We pay competitive salaries, supplemented by a range of performance and skill-based bonus and remuneration schemes.

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.

We are committed to safety

Our Health & Safety Policy 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.
- 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.

We are improving our safety performance

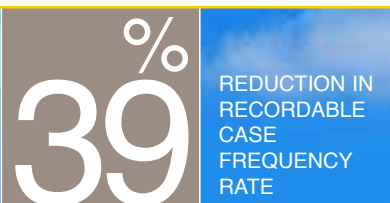
In the year ended March 2004, the company reduced its Recordable Case Frequency Rate by 39%.

USA Fibre Cement achieved the targets it announced last year, reducing its Recordable Case Frequency Rate by 35% and its Lost Workday Case Frequency Rate by 50%. The improvements

were achieved by driving cultural change and applying sound safety management principles that changed people's behaviours.

Last year, Asia Pacific Fibre Cement set itself the target of reducing both the Lost Workday Case Frequency Rate and the Recordable Case Frequency Rate by 20%. It achieved the first target, and exceeded the second, with a 42% reduction in the Recordable Case Frequency Rate.

The improvements were achieved by increasing training and implementing core safety procedures such as risk assessment, safety induction programs and contractor management. The businesses have now made a commitment to reduce both the Lost Work Day Case Frequency Rate and the Recordable Case Frequency Rate by a further 20% for fiscal year 2005.



We are seeking further improvements

As safety performance improves, each additional level of improvement becomes more difficult to achieve. Recognising this, we are changing the overall culture of the company to improve safety performance and achieve an injury-free workplace.

We have integrated Environmental, Health and Safety (EH&S) into the company's Business and Operating Planning Review process, reflecting the fact that safety is a business element and it needs to be managed as are production, quality and cost. This will make it easier for us to introduce the additional programs, process and tools we need to achieve a strong safety culture. It will also make it easier to share effective communication, resources and activities so we can align our safety strategy throughout the company.

We will now collect leading indicators as well as historical statistics so we can effectively measure activities that are known to prevent incidents and that are totally within the control of

people who can be held accountable for their accomplishment.

We will use our EH&S improvement plan to define and measure specific safety activities, and reward for performance. The plan clearly defines roles, responsibilities and accountability systems for all management and supervisory staff.

Our major efforts will focus on the incident rate and employee behaviour. Key Performance Indicators will ensure we are measuring employee and management activities, and will allow managers at every level to hold their people accountable. Accountability will ensure that the safety improvements we achieve will be sustainable.

We offer our employees support

We are committed to employee well-being beyond the workplace. Employees and members of their immediate families can speak confidentially to professional counsellors at any time for help with work concerns, stress or family issues, drug and alcohol problems, bereavement and other life challenges.

We involve families

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

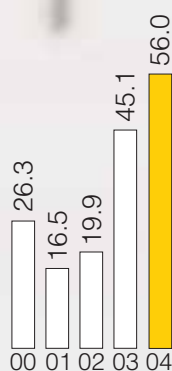
We develop our people

We have formal programs to train and develop employees who have the potential to be part of our next generation of leaders and who can help us build new businesses, launch new products and expand the company.

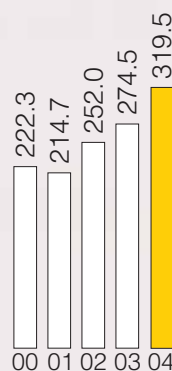
Superannuation and share plans

All James Hardie employees have access to superannuation or individual retirement savings plans. Many employees participate in our share and option plans, which encourage them to become shareholders and think and act like owners of James Hardie.

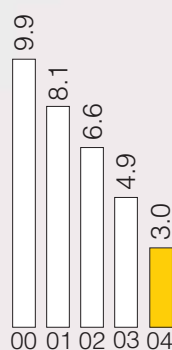
EBIT¹/ Employee
(Thousands of US dollars)



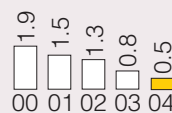
Net Sales/ Employee
(Thousands of US dollars)



James Hardie Safety Performance
(Recordable Case Frequency Rate)



James Hardie Safety Performance
(Lost Workday Case Frequency Rate)



Frequency per 200,000 hours worked

Frequency per 200,000 hours worked

¹ See **Definitions** in Management's Discussion and Analysis on page 47



The world-wide market potential for fibre cement is large and growing rapidly.