

Corporate Governance Principles

This section of our report contains more detailed information about our corporate governance principles and practices. Further information is also available from the Investor Relations section of our website at www.jameshardie.com

A summary of our approach to corporate governance appears on page 43 of this annual report.

ASX Principles and Recommendations

On 31 March 2003, ASX Corporate Governance Council released a publication titled *Principles of Good Corporate Governance and Best Practice Recommendations*, setting out 10 core principles and 28 best practice recommendations which the ASX Corporate Governance Council believes underlie effective corporate governance.

As James Hardie's fiscal year ends on 31 March, we are required to formally report on the best practice recommendations for this year, the fiscal year ended 31 March 2004. However, in the interests of good governance and disclosure, we reviewed our compliance with the best practice recommendations for the year ended 31 March 2003. This year's report describes the steps we have taken to comply with the ASX Corporate Governance Council's Best Practice Recommendations (ASX Corporate Governance Council Recommendations).

The company has also created a Corporate Governance section in the Investor Relations area of its website at www.jameshardie.com to provide more detailed information on the company's corporate governance arrangements and copies of relevant policies and charters.

Corporate Governance at James Hardie

As a multi-national organisation, James Hardie operates under the regulatory requirements of numerous jurisdictions and organisations, including the ASX, the Australian Securities and Investment Commission (ASIC), the New York Stock Exchange (NYSE), the US Securities and Exchange Commission (SEC), the laws of The Netherlands and numerous other rule-making bodies.

We think it is important that our behaviour reflects the spirit, as well as the letter, of the law and we aim to govern the company in a way that meets or exceeds appropriate community expectations.

James Hardie's corporate governance framework includes the following key features and practices. These are reviewed regularly and upgraded or changed as appropriate to reflect the company's interests, changes in law and what is generally regarded as sound practice.

Board Structure

James Hardie has a multi-tiered board structure, which is consistent with Dutch corporate law. This structure consists of a Managing Board, a Supervisory Board and a Joint Board.

The **Managing Board** includes only executive officers and is responsible for overseeing general affairs, operations and finance, including the treasury. The Managing Board is chaired by the Chief Executive Officer, Mr Peter Macdonald.

The **Supervisory Board** includes only non-executive directors, including the Chairman, Mr Alan McGregor, and is responsible for advising and supervising the Managing Board based on the best interests of the company, including the interests of the shareholders.

The **Joint Board** currently includes all of the members of the Supervisory Board, ie the Chairman of the Supervisory Board and the non-executive directors, as well as the Chairman of the Managing Board, ie the CEO. In its role and composition, the Joint Board is James Hardie's equivalent of a full board of directors of a USA or an Australian public company.

The Chairman of the Joint Board must be an independent, non-executive director. The Joint Board must always include at least a two-thirds majority of independent directors.

In this annual report, a reference to "the Board" is a reference to the Joint Board.

The company's Board structure is consistent with ASX Corporate Governance Council Recommendations 1.1, 2.1, 2.2 and 2.3.

Board Mission and Responsibilities

A key responsibility of the Board is determining strategy and monitoring company performance. To this end, the company adopts a three-year business plan and a 12-month operating plan. Financial results and performance are closely monitored against the operating plan.

The Board also ensures that the company has in place effective external disclosure policies and procedures so that shareholders and the financial markets are fully-informed on all matters that might influence the share price.

The core responsibility of directors is to exercise their business judgment in the best interests of the company and its shareholders. Directors must fulfil their fiduciary duties to shareholders in compliance with all applicable laws and regulations. As appropriate, directors will also take into consideration the interests of other stakeholders in the company, including employees, customers, creditors and others with a legitimate interest in the company's affairs.

In discharging their duties, directors are provided with direct access to, and may rely upon, the company's senior executives and outside advisors and auditors. Board committees and individual directors may seek independent professional advice at the company's expense for the purposes of the proper performance of their duties.

The tables on page 55 of this annual report summarise the composition of the company's Boards and Board Committees and each Board member's attendance at meetings during the year.

The responsibilities of the Board are consistent with ASX Corporate Governance Council Recommendation 1.1.

Qualifications

Directors should possess qualifications, experience and expertise which will assist the Board in fulfilling its responsibilities, as well as assist the company in achieving future growth. The skills, experience and relevant expertise of each director, and his or her term of appointment, is summarised on pages 32 – 33 of this annual report and also appears on the company's website.

Directors must also be able to devote a sufficient amount of time to prepare for, and effectively participate in, Board and Committee meetings.

Members of our Supervisory Board, who are elected by our shareholders, and members of our Managing Board (other than our Chief Executive Officer) are elected for a three-year term. In each case the term expires at the end of the third annual meeting of shareholders following election.

The responsibilities of directors and the company's expectations of them are set out in a letter at the time the director is appointed, and are consistent with ASX Corporate Governance Council Recommendation 1.1.

Tenure

The Board does not believe that arbitrary limits on the tenure of directors are appropriate, or in the best interests of the company and its shareholders. Limits on tenure may cause the loss of experience and expertise that are important contributors to the long-term growth and prosperity of the company. Conversely, the Board does not believe that directors should expect to be automatically nominated for re-election at the end of their three-year term, but that their nomination for re-election should be based on their individual performance and the needs of the company.

Standards of Performance

The Nominating and Governance Committee conducts performance and evaluation processes for directors. These are important factors in determining nominations for re-election as well as for selecting new nominees for new directors.

This year, the Board, and individual directors, underwent an independent, external review and assessment. This process was conducted in accordance with the charter of the Nominating and Governance Committee and was designed to answer questions such as whether the board is focusing on the right issues and using its time efficiently.

Each of the non-executive directors was interviewed, as were members of corporate management and the Board consultant. The review covered relative strengths and weaknesses of the Board compared to other boards and it reviewed former decisions and the lessons that emerged from those decisions. It also covered meeting planning and process, Board composition and structure, director performance, relations with management, Board renewal and succession issues. The report, which included advice about improving performance, was given to the Chairman of the Nominating and Governance Committee and discussed with directors.

The independent review and assessment of the Board and of individual directors is consistent with ASX Corporate Governance Council Recommendation 8.1.

Independence

All directors are expected to bring their independent views and judgment to the Board and must declare any potential or actual conflicts of interest.

The Board has a policy that at least a two-thirds majority of its members must be independent. In addition, the office of Chairman of the Board and Chief Executive Officer cannot be held by the same person simultaneously, other than in special circumstances and/or for a short period of time.

The company's Board structure is consistent with ASX Corporate Governance Council Recommendations 2.2 and 2.3.

In determining the independence of directors and whether a director has a material relationship with the company or another party that might impair their independence, the Board considers all relevant facts and circumstances, including:

- company stock owned, either directly or indirectly, by the director;
- compensation received by the director or a family member (other than amounts received for service to the Board);
- employment by the company (or any of its affiliates) of the director or a family member, whether such employment is current or in the past;
- past or present business relationships between (i) the director or a family member or any business entity associated with them and (ii) any of the company, the company's auditors, advisors, vendors, customers, or other business entities or individuals providing services to the company;
- any interlocking Board or other company committee relationships; and
- any other direct or indirect relationship between the director and the company that may be material.

The Board may determine that a director is independent, even if there is a material relationship. This may occur if that relationship is not considered by the Board to influence, or be perceived to influence, the director's decisions in relation to the company.

The Board has not set materiality thresholds and will consider all relationships on a case-by-case basis, having regard to the accounting standards' approach to materiality.

The company's criteria for determining the independence of directors is consistent with the definition of "independence" set out in Box 2.1 of ASX Corporate Governance Council Recommendation 2.1, save for tenure.

Corporate Governance Principles *(continued)*

The Board has considered the issue of the independence of the company's directors and determined that each of the members of the Joint Board is independent, other than Mr Peter Macdonald and Mr Peter Cameron. Mr Folkert Zwinkels, a member of the Managing Board, is not independent.

The company's approach to independence is discussed on page 61 above.

Mr Macdonald is the company's CEO and as such is not independent.

Mr Cameron was, until 31 March 2002, a partner of the Australian law firm Allens Arthur Robison. Allens Arthur Robison is advising the company in relation to the New South Wales Special Commission of Inquiry into the Medical Research and Compensation Foundation. In view of the significance of that inquiry, the Board currently considers the firm to be a material professional advisor to the company. As such, Mr Cameron is not considered independent having regard to the company's approach to independence and the provisions of the ASX Corporate Governance Council Principles and Recommendations.

Directors' shareholdings are disclosed elsewhere in this report and are not considered to detract from the independence of directors.

All of the independent directors have:

- undertaken to advise the Board of any change in their circumstances that could affect their independence;
- completed a comprehensive questionnaire that confirms their independence.

The details provided above, and elsewhere in this report, are consistent with ASX Corporate Governance Council Recommendation 2.5.

The Nominating and Governance Committee reviews the applicable definitions and director independence on a regular basis.

The establishment and functions of the Nominating and Governance Committee are consistent with ASX Corporate Governance Council Recommendation 2.4.

Meetings

The Board generally meets between five and eight times each year and Board Committees meet as required to fulfil their responsibilities. At each Board meeting, the Board conducts sessions without any members of the company's management present.

The Board has an annual program of visiting company facilities and spending time with line management, customers and suppliers to assist directors to better understand the company's businesses and the markets in which James Hardie operates.

The Audit Committee meets a minimum of once each quarter to conduct business pursuant to its charter, to review quarterly financial results and releases and to discharge its other responsibilities.

Director Orientation

The company has an orientation procedure for new directors. The company's Chief Executive Officer, Chief Financial Officer, General Counsel and Executive Vice Presidents are responsible for providing information for the orientation for new directors and for periodically providing materials or briefing papers to the Board on matters as requested or appropriate for the fulfilment of the directors' duties.

Typically, a new director will undergo an extensive orientation including:

- visits to company facilities, meetings with management and customers;
- reviews of financial position, strategy, operating performance and risk management;
- their rights, duties and responsibilities; and
- the role of Board Committees.

We also have induction and orientation programs for executives and employees, tailored according to seniority and position.

The company encourages its directors to participate in continuing education programs to assist them in performing their responsibilities.

Management Succession

The Board, together with the Nominating and Governance Committee, has developed, and periodically revises, management succession plans, policies and procedures for the company's Chief Executive Officer and other senior officers, whether such succession occurs as a result of a promotion, termination, resignation, retirement or an emergency.

Compliance, Ethics and Integrity

The company seeks to maintain high standards of integrity and is committed to ensuring that James Hardie conducts its business in accordance with high standards of ethical behaviour. In 2003 the company revised and updated its already comprehensive Code of Ethics and it will continue to do so periodically.

The company requires employees to comply with the spirit and the letter of all laws and other statutory requirements governing the conduct of James Hardie's activities in each country in which it operates. The Code of Ethics applies to all company employees, including the company's principal executive and senior financial officers.

Specific action, including training and education, has been taken to ensure that employees understand and comply with their obligations in areas such as occupational health and safety, trade practices/antitrust, environmental

protection, employment practices such as equal opportunity, sexual harassment and discrimination, continuous disclosure and insider trading, public and SEC disclosure, and corrupt practices.

The Code of Ethics also provides employees with instructions about whom they should contact if they have information or questions regarding violations of the policy.

The Code of Ethics is available from the Corporate Governance area of the company's Investor Relations website at www.jameshardie.com

The company's actions, outlined above, to promote ethical and responsible decision-making are consistent with ASX Corporate Governance Council Recommendations 3.1, 3.2, 3.3 and 10.1.

Audit Committee

The company has processes in place to safeguard the integrity of its financial reporting, consistent with ASX Corporate Governance Council Recommendations 4.1 to 4.5.

Scope

The Audit Committee provides advice and assistance to the Board in fulfilling its responsibilities relating to the company's financial statements, financial reporting processes, and compliance with legal and regulatory requirements, internal accounting and financial control systems, internal audit, external audit and such other matters as the Board may request from time to time.

Composition

- *Membership:* The Audit Committee is comprised of at least three members of the Board who are appointed by the Board.
- *Independence:* Each member is a non-executive director, independent of the company and management.
- *Qualifications:* All members are financially literate and have sufficient business and financial expertise to act effectively as members of the committee, as determined by the Board. In addition, the Audit Committee has at least one member who qualifies as an Audit Committee financial expert.
- *Chair:* The Chair is nominated by the Board and may not also be the Chairman of the Board.

Responsibilities

- *Standards and Quality:* The Audit Committee oversees the adequacy and effectiveness of the company's accounting and financial policies and controls, including periodic discussions with management, external auditors and internal auditors, and seeks assurance of compliance with relevant regulatory and statutory requirements.
- *Financial Reports:* The Audit Committee oversees the company's financial reporting process and reports on the results of its activities to the Board. Specifically, the Audit Committee reviews with management and the external auditor the company's annual and quarterly financial statements and reports to shareholders, seeking assurance

that the external auditor is satisfied with the disclosures and content of the financial statements. The committee reviews material accounting principles and policies, any off-balance sheet transactions and material litigation on an as needed or quarterly basis. The Chair of the Audit Committee may represent the entire Audit Committee for the purposes of quarterly reviews.

– *External Audit:* The Audit Committee discusses with the external auditor the overall scope and plans for its audit activities, including staffing, contractual arrangements and fees. It reviews all audit reports provided by the external auditor, including an annual report from the external auditor regarding its internal quality-control procedures and on its independence to the company. The Committee also specifically approves or establishes approval policies or procedures for any proposed audit and non-audit activity by the provider of the external audit, and oversees the independence of the external auditor.

– *Internal Audit:* The Audit Committee discusses with the internal auditors the overall scope and plans for its audit activities. It reviews all internal audit reports.

– *Appointment of External Auditor:* The Audit Committee is directly responsible for the appointment, compensation and oversight of the external auditor.

– *Internal Controls:* The Audit Committee reviews the adequacy and effectiveness of, and any significant changes to, the company's internal controls.

– *Disclosure Controls and Procedures:* The Audit Committee reviews and reports on the adequacy and effectiveness of the company's disclosure controls and procedures.

– *Complaints:* The Audit Committee establishes procedures for handling complaints regarding accounting, internal accounting controls and auditing matters, including procedures for confidential, anonymous submission of concerns by employees regarding accounting and auditing matters.

– *Risk Assessment and Management:* The Audit Committee (in conjunction with the Board) reviews and discusses the company's policies with respect to risk assessment and risk management.

Processes

– *Communications:* The Audit Committee maintains free and open communications with the external auditor, internal auditor and management. The Audit Committee periodically meets with the external auditors without representatives of management present to discuss the adequacy of the company's disclosures and policies, and to satisfy itself regarding the external auditor's independence from the company.

– *Access and Advisors:* In exercising its oversight role, the Audit Committee may investigate any matter brought to its attention, and for this purpose has full access to the company's records, personnel and any required external support. The Audit Committee has the authority to retain (at the company's expense) outside counsel, accountants,

Corporate Governance Principles *(continued)*

experts and other advisors it determines are appropriate to assist it to perform its functions.

- *Standards:* The Audit Committee reviews, and may take any necessary action to uphold, the overall quality of the company's financial reporting and practices.
- *Charter:* The Audit Committee reviews and reassesses its charter at least annually, and recommends any changes it considers appropriate to the Board.
- *Annual Review:* The Audit Committee conducts an annual performance review of its function and reports its findings to the Board.
- *Reporting:* The Audit Committee regularly reviews with the Board any issues that arise with respect to the quality or integrity of the company's financial statements, its compliance with legal or regulatory requirements, the performance and independence of the external auditor, or the performance of the internal audit function.
- *Special Reviews:* The Audit Committee may undertake other special duties during the course of the year as requested by the Board.

The external auditor attends shareholder meetings – either personally or by telephone – and is available to answer questions from shareholders about the conduct of the audit and the preparation and content of the audit report and the company's accounts.

The company revised its Audit Committee Charter in 2003 and the charter is available on the company's Investor Relations website at www.jameshardie.com

Members of the Audit Committee at 11 May 2004 are Messrs MR Brown (Chairman), MJ Gillfillan, JRH Loudon and AG McGregor.

Nominating and Governance Committee

The company's Nominating and Governance Committee was formed in 2002 and operates in accordance with ASX Corporate Governance Council Recommendation 2.4.

The Nominating and Governance Committee's role includes:

- continuously evaluating and refining the company's corporate governance processes and principles;
- evaluating individual director performance and independence;
- evaluating, at least annually, the performance of each Board and the Board Committees;
- recommending candidates for re-election;
- making recommendations on the structure, composition and function of the Board and Board Committees, including consideration of the periodic rotation of directors among committees;
- identifying, evaluating and recruiting candidates for election or appointment to the boards, including candidates recommended by shareholders;
- reviewing and assessing the channels through which the Board receives information and the quality and timeliness of this information;
- considering changes in directors' compensation; and
- overseeing succession planning for senior management positions including the Chief Executive Officer.

The company revised its Nominating and Governance Committee Charter in 2003 and it is available on the company's Investor Relations website at www.jameshardie.com

Members of the Nominating and Governance Committee at 11 May 2004 are: Messrs AG McGregor (Chairman), PS Cameron, GJ Clark and D McGauchie.

Remuneration Committee

To achieve and sustain high performance, the Board believes it is important to attract and retain high calibre employees. The company uses a mix of fixed pay, performance-based remuneration and equity-based remuneration.

In recent years, the use of variable or at-risk remuneration has been expanded so that a growing proportion of executive remuneration is at-risk and dependent on individual and company performance.

Performance-based remuneration is determined by the extent to which the company's economic profit exceeds the cost of capital and the extent to which the executive contributed to such an outcome.

James Hardie also encourages share ownership by directors, executives and employees to align their interests with those of the shareholders. Executives and employees participate in share option and share purchase plans tied to individual and company performance.

The company's share option and share purchase plans operate within limits approved by shareholders and deliver a benefit to executives and employees only if there is a corresponding benefit to shareholders. The Chief Executive Officer's most recent option plans deliver a benefit only if the company's Total Shareholder Return (TSR) exceeds the average TSR for a benchmark group of 100 companies listed on the ASX. The options do not fully vest for three years from the date of grant.

In addition, directors are required to receive at least US\$10,000 of their directors' fees in shares of the company's stock. The company's executive officers do not receive additional compensation for their service as directors. The company believes that compensation for non-employee members of the Board should be competitive. The Remuneration Committee will report once each year to the Board on the status of Board compensation in relation to other comparable companies. As part of a Board member's total compensation, and to create a direct link with corporate performance, the Board believes that a meaningful portion of a Board member's total compensation should be provided in common stock or stock options. A retirement plan for directors was terminated in 2002 and directors appointed since then are not entitled to retirement benefits. Three directors had accumulated benefits under the plan that will be paid out when they retire and Australian-based directors still receive government mandated superannuation payments.

The Board established a Remuneration Committee to institute appropriate controls in the remuneration of senior executives and non-executive directors and to advise it on remuneration policies and practices. The Remuneration Committee's membership is comprised of independent directors and its role includes:

- reviewing and approving the Chief Executive Officer's remuneration package and evaluating the Chief Executive Officer's performance each year;
- reviewing and approving the annual remuneration for other senior executives;
- administering and making recommendations to the Board with respect to the company's incentive-compensation and equity-based compensation plans;
- approving the granting of stock options or other forms of equity-based compensation to senior executives;
- reviewing and recommending employment agreements and severance arrangements for senior executives; and
- approving any significant changes in remuneration policy, superannuation, or executive and employee incentive plans.

Further information on remuneration matters is also set out in the Directors' Report on pages 55 – 59.

The company revised its Remuneration Committee Charter in 2003, and the charter is available in the Investor Relations area of our website at www.jameshardie.com

Members of the Remuneration Committee at 11 May 2004 are Messrs AG McGregor (Chairman) and JD Barr, and Ms M Hellicar. Mr MM Koffel, a consultant to the Board, also serves as consultant to the Committee.

The structure and disclosure of the company's remuneration arrangements is consistent with ASX Corporate Governance Council Recommendations 9.1, 9.3, 9.4 and 9.5. The establishment of a Remuneration Committee is consistent with ASX Corporate Governance Council Recommendation 9.2.

Corporate Governance Principles *(continued)*

Risk Management

The Board, together with the Audit Committee, is responsible for satisfying itself that the company's risk management systems are effective and, in particular, for ensuring that:

- the principal strategic, operational and financial risks are identified;
- effective systems are in place to monitor and manage risks; and
- reporting systems, internal controls and arrangements for monitoring compliance with laws and regulations are adequate.

In addition to maintaining appropriate insurance and other risk management measures, the Board has taken the following steps to address identified risks. It has:

- established policies and procedures in relation to treasury operations, including the use of financial derivatives;
- issued and revised standards and procedures in relation to environmental and health and safety matters;
- implemented and maintained training programs in relation to legal issues such as trade practices/antitrust, trade secrecy, and Intellectual Property protection; and
- issued procedures requiring that significant capital and revenue expenditure is approved at an appropriate level of management or by the Board.

The internal and external audit functions are involved in risk assessment and the management and measurement of the effectiveness of the company's risk management systems. The internal and external audit functions are separate and independent of each other.

The above risks are also addressed in the company's Code of Ethics and monitored by regular reports to the Board. Where appropriate, members of the management team and independent advisers also make presentations to the Board, and to the Audit Committee during the year.

Instead of one risk management policy, the company has numerous risk management systems and policies that govern the management of risk. The company regularly reviews the need for additional disclosure of its risk management systems including those related to its internal compliance and control system.

The company's risk management procedures are consistent with ASX Corporate Governance Council Recommendations 7.1, 7.2 and 7.3.

Certifying Financial Reports

Under United States law, the Chief Executive Officer and Chief Financial Officer certify that the company's accounts are a fair presentation of the company's financial condition and results.

This also satisfies ASX Corporate Governance Council Recommendation 7.1.

Disclosure Policy

The company complies with all relevant disclosure laws and listing rules in Australia (ASX and ASIC), the United States (SEC and NYSE) and The Netherlands. The company updated its policy in 2003, and the new policy is available in the Investor Relations area of our website at www.jameshardie.com

The company's Disclosure Policy is consistent with ASX Corporate Governance Council Recommendation 5.1.

Investor Relations and Communication

James Hardie is committed to communicating effectively with its investors. The company's investor relations program includes:

- management briefings and presentations to accompany quarterly results, which are accessible on a live webcast and teleconference;
- webcasts of other management briefings and the shareholder information meeting;
- a comprehensive Investor Relations website that displays all company announcements and notices as soon as they have been cleared by the ASX, as well as all major management and roadshow presentations;
- site visits and briefings on strategy for investment analysts in Australia and the United States;
- a quarterly newsletter available free to shareholders and other interested parties;
- an e-mail alert service to advise investors and other interested parties of announcements and other events; and
- equality of access to briefings, presentations and meetings for shareholders, investment analysts and the media.

The company's communication strategies are consistent with ASX Corporate Governance Council Recommendation 6.1.

The Company's Auditor Attends the Annual Information Meeting

The company's auditor attends the Annual Information Meeting, consistent with ASX Corporate Governance Council Recommendation 6.2.

Subsidiary Relationships

The substance of these corporate governance standards applies to all subsidiary companies within the James Hardie group.

Share Purchases by Directors and Senior Executives

Directors and senior executives must notify the designated compliance officer before buying or selling James Hardie shares. James Hardie shares may only be bought or sold by directors or senior executives within four weeks beginning two days after the announcement of quarterly or full year results.

The Board recognises that it is the individual responsibility of each director and senior executive of James Hardie to ensure they comply with the spirit and the letter of insider trading laws and that notification to the Board in no way implies Board approval of any transaction. Directors and senior executives are subject to the company's Insider Trading Policy and rules.

The policy is available in the Investor Relations area of our website at www.jameshardie.com

The company's Insider Trading Policy and rules are consistent with ASX Corporate Governance Council Recommendation 3.2.

Responsibilities to Legitimate Stakeholders

The company's Code of Ethics, referred to above, covers many aspects of company policy that governs compliance with legal and other obligations. The code is available in the Investor Relations area of our website at www.jameshardie.com

The Code of Ethics is consistent with ASX Corporate Governance Council Recommendation 10.1.

New Dutch Corporate Governance Code

On 9 December 2003 a new Dutch Code (the Code) on Corporate Governance was published by the Dutch Corporate Governance Committee (the Tabaksblat Committee). The Code is based on the principle that a company is a long-term form of collaboration between the various parties involved, such as employees, shareholders and other providers of capital, suppliers and customers, but also government and civil society.

From the annual report for the financial year started on or after 1 January 2004 onwards, listed Dutch companies are obliged to explain their corporate governance structure in a separate chapter of the annual report. In this chapter, listed Dutch companies must indicate expressly to what extent they apply the best practice provisions of the Code and, if it does not do so, why and to what extent it does not apply to them.

As James Hardie's financial year starts on 1 April, we will be required to report on the best practice provisions in the Code for the financial year that will end on 31 March 2005. However, in the interest of good corporate governance and disclosure, we have examined our corporate governance structure for compatibility with the Code this year.

Broadly, we already comply with the majority of the best practice provisions of the Code. Details of the provisions of the Code and our comments on how and when we expect to comply, or if not, why not, will be added to the Corporate Governance section of the Investor Relations area of our website at www.jameshardie.com

NYSE Corporate Governance Rules

Section 303A.11 of the Corporate Governance Rules finalised by the New York Stock Exchange on 4 November 2003 requires foreign private issuers to disclose any differences between their corporate governance practices and NYSE domestic corporate governance standards. James Hardie has complied with this rule by disclosing this information in the Investor Relations section of our website at www.jameshardie.com

Updated Information

We have a dedicated section on Corporate Governance as part of our Investor Relations website area in our website at www.jameshardie.com

Information on this section of the website is progressively updated and expanded to ensure it presents the most up-to-date information on the company's corporate governance systems.