



Contents

Page

Introduction from Bart Becht, CEO	3
Key Issue Summary	4
Company Overview	5
<u>Environmental Management</u>	
Environmental Policy & Objectives	6
Strategy, Responsibility, Control & Engagement	7
<u>Environmental Performance</u>	
Environmental Aspects	10
Product Life Cycle Management	
Performance Reporting & Targets	
A – Material & Resource Use	
1. Energy Use	11
2. Water Use	12
3. Raw Material Use	13
B – Emissions	
1. Air Emissions	14
2. Water Discharges	15
3. Waste	16
C – Other Supply Impacts	
1. Packaging	17
2. Transport and Logistics	18
3. Managing the Supply Chain	19
4. Land Use, Condition and Biodiversity	20
D – Product Use & Disposal	21
Basis of Performance Reporting	22
Glossary	23
Contacts	23
Independent Review	24

Note:

We have taken account of the following guidelines in preparing this report:

- Global Reporting Initiative (GRI) *Sustainability Reporting Guidelines*, 2002
- UK Government *Environmental Reporting General Guidelines*, Department for Environment, Food & Rural Affairs (DEFRA), November 2001
- Association of Chartered Certified Accountants (ACCA) *Environmental Reporting Criteria*, ACCA web site 2002
- Association of Chartered Certified Accountants (ACCA) *Environmental, Social and Sustainability Reporting on the World Wide Web: A Guide to Best Practice*, October 2001
- Association of British Insurers (ABI) *Exposure Guidelines on Social Responsibility*, September 2001
- *BS EN ISO 14031 Environmental Performance Evaluation Guidelines*, 2000

Introduction from Bart Becht, CEO

Reckitt Benckiser is about passionately delivering better solutions in household and health & personal care to customers and consumers, wherever they may be, for the ultimate purpose of creating shareholder value.

We are keenly aware that better consumer solutions and long term shareholder value require a real commitment to running our business in a responsible, environmentally sound and sustainable manner.

Twelve months ago, we issued our first environmental report. Since that time substantial progress has been made, much of which is detailed in this 2001 environmental report.

- We have made significant improvements in the breadth and accuracy of our global environmental reporting, which has allowed us to improve the accuracy of the original 2000 data set.
- We have increased the organisational capabilities to manage environmental risks and achieve targets through ongoing training and awareness of key personnel.
- We made significant progress in 2001 across the four key performance areas of energy use, greenhouse gas emissions, total waste and hazardous waste. In particular, performance has been strong on achieving reductions in total waste and hazardous waste.
- We recently entered the FTSE4Good Socially Responsible Investment (SRI) index series. This is a good measure of our progress as it demonstrates that we meet the FTSE4Good's new environmental criteria in full.

While we are enthused by our achievements to date we still have a long way to go. Our commitment to improve, however, continues. We would like to thank the many people in the business who push for progress in this area.



Bart Becht
Chief Executive Officer
Reckitt Benckiser plc

March 2003

Key Issue Summary

- √ There has been ongoing development of the Group's environmental management system (EMS) at all levels.
- √ All targets for improving environmental management, measurement and control due for completion by end-December 2002 have been met.
 - Environmental knowledge needs analysis completed and training programmes started
 - Formal programme of environmental performance reviews (internal audits) re-established
 - Options for moving to energy sources with a lower global warming potential (GWP) and for increasing the use of renewable energy sources reviewed; investigation and ongoing implementation of options to reduce GWP emissions from contracted product transportation
 - Water resource availability investigated; water consumption levels reviewed; water resource based targets for the investigation and reduction of manufacturing facility water consumption established
 - Raw material use reporting system established; targets for changing product compositions to achieve a lower environmental impact in place and implementation programmes progressed
 - Data on global air emissions collected
 - Reporting system to aggregate global packaging volume data established
 - Improved process for the acquisition of global transport data
 - Additional environmental engagement with our suppliers, based on our environmental supply chain programme
 - Land condition and biodiversity impact included in environmental performance reviews; Company Biodiversity Action Plan (BAP) established
- √ Our environmental impact has been reduced for the key performance areas of energy use, greenhouse gas emissions, total waste and hazardous waste.
- √ We are using our Global Ingredient Guidelines as one of a number of measures to improve the environmental sustainability of our products.
- √ The scope of our public environmental reporting has expanded to include our five global research & development (R&D) facilities, in addition to all of our 52 manufacturing facilities.

We have also focussed in the last 12 months on improving the internal reporting system used to obtain, aggregate and check global environmental performance data. This has led to restatement of the 2000 data set as reported in our first environmental report (see page 22).

Company Overview

Reckitt Benckiser is the world's No. 1 in household cleaning products (excluding laundry detergents) and a leading player in health and personal care. We are a global company with a consumer-oriented vision, operations in 60 countries, sales in 180 countries and net revenues in excess of £3.4 billion/\$5.3 billion.

Our core categories, which are Surface Care, Fabric Care, Dishwashing, Home Care and Health & Personal Care, include many leading brands such as:

Surface Care	Fabric Care	Dishwashing	Home Care	Health & Personal Care
Lysol	Vanish	Calgonit	Air Wick	Dettol
Harpic	Calgon	Finish	Mortein	Veet
	Woolite			

The Company also has a successful food business in North America, which includes French's, the No. 1 mustard in North America.

Reckitt Benckiser was formed in 1999 by the merger of Reckitt & Colman plc and Benckiser NV. Since the merger, the Company has shown consistent healthy growth well ahead of the industry. In 2001, we employed on average over 22,000 people worldwide.

Reckitt Benckiser has 52 factories and 5 R&D centres worldwide



Financial Results

	1999 £ million	2000 £ million	2001 £ million	* Normalised
Net Revenues	3,054	3,202	3,439	
Operating profit*	357	451	525	
Net income *	200	275	340	
Diluted earnings per share*	29.0p	38.8p	47.1p	

For the most up-to-date information about Reckitt Benckiser's financial performance, please visit our web site at www.reckittbenckiser.com.

Environmental Policy

Reckitt Benckiser is committed to running its business in a responsible, environmentally sound and sustainable manner. We recognise that our processes and products have both direct and indirect environmental impacts. We will seek to identify adverse impacts and find effective ways of reducing them, aiming for continuous improvements in our environmental performance and progress towards sustainable development objectives. Throughout our operations we will regard compliance with the law as a minimum standard to be achieved.

Environmental Objectives

Our environmental objectives have been chosen and are regularly reviewed to ensure that our actions match the commitments in our environmental policy. They are:

- To take environmental considerations into account throughout our operations.
- To ensure that environmental factors are properly assessed and considered, together with other issues, when key decisions are taken about new products and processes.
- To establish and measure the significant environmental impacts of our operations, set realistic targets for performance improvements, and monitor progress against those targets.
- To use energy and natural resources wisely, eliminate and minimise waste where practical, and re-use and recycle where it is sensible to do so.
- To engage with stakeholders on environmental issues, including the integration of environmental factors into our relationships with key suppliers.
- To ensure that our employees have a good understanding of environmental issues, know why these are important to the company and the wider community, and have training appropriate to their environmental responsibilities.
- To conduct an annual review of our environmental performance, including progress against objectives and targets, and to make that review publicly available.

The Chief Executive Officer is responsible for the Company's environmental policy and performance. This responsibility is delegated operationally through the Company's management structure, which includes an Environmental Director responsible for co-ordinating environmental performance across the Company.

Issue 2, November 2001

Strategy, Responsibility, Control & Engagement

Strategy

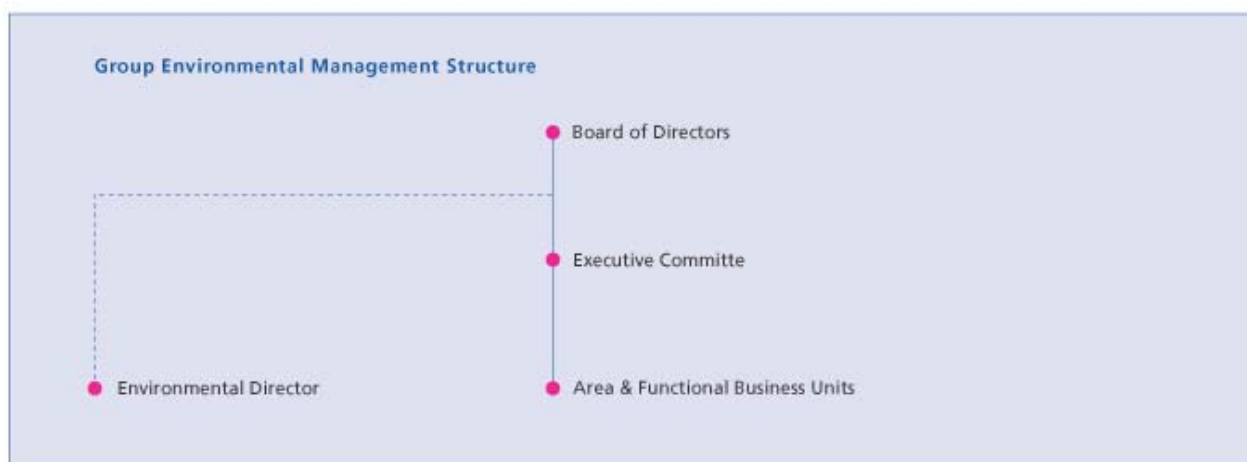
Sustainability is the capacity for continuance in to the long-term future.

Our strategy is to embrace the opportunities and manage the risks that arise from the environmental aspects of our operations, to provide sustainable shareholder value through continuous improvements in our environmental performance and progress towards sustainable development objectives.

This requires us to identify, understand, control and communicate environmental impacts, risks and opportunities on an ongoing basis, at all levels from our Group operations to individual facilities.

Responsibility

Responsibility for environmental management and performance is integrated throughout the Company's management structure.



The Chief Executive Officer (CEO) is the Board member with specific responsibility for the Company's environmental policy and performance. This responsibility is delegated operationally through the Executive Committee (comprising the area and functional leaders of the company), down through each business unit, to individual operating companies and facilities. For example, the Director / Manager of each manufacturing facility has overall responsibility for its environmental performance, and an Environmental Co-ordinator is responsible for synchronising environmental management activities at each manufacturing site. We have a global Environmental Director to co-ordinate environmental management across the business, with a direct reporting line to the CEO.

Our Research & Development (R&D) function includes a Regulatory, Safety and Environmental (RSE) services team, that is responsible for reviewing our products for compliance with product safety and environmental requirements whilst they are being developed or improved and before they are brought to market.

Control

We have a Group environmental management system (EMS) to implement our environmental policy and strategy globally.

Fourteen of our 52 global manufacturing facilities currently have an EMS externally certified to ISO 14001, the international EMS standard. All of our manufacturing and research and development (R&D) facilities have one or more individuals with designated environmental responsibility, and all now report at least annually on their environmental performance and legal compliance.

Target	Review the qualifications and training of individuals with designated environmental management responsibility at Corporate, regional and facility levels, and develop a programme to fill any gaps.	Deadline: by 30 th June 2002	Status: DONE
Performance Against Target	We have completed a strategic review of the knowledge (i.e. qualifications, training and experience) of selected individuals with environmental responsibility at Corporate, regional and facility levels. We have developed and started implementing a training and awareness programme to ensure that key functions have the environmental knowledge required to fulfil their responsibilities.		

Future Target	We aim to have all European manufacturing facilities certified to the international environmental management system (EMS) standard ISO 14001 by 31 st March 2003.		
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Internal Environmental Auditing

Prior to the formation of Reckitt Benckiser in 1999, the two component companies (Reckitt & Colman and Benckiser) undertook independent internal environmental audits across manufacturing facilities. The merger in 1999 and subsequent acquisitions disrupted these programmes, however environmental audits were re-started on an ad-hoc basis in 2001.

Target	Re-establish (i.e. be actively undertaking) a formal programme of environmental performance reviews of our global manufacturing and R&D facilities.	Deadline: by 31 st March 2002	Status: DONE
Performance Against Target	We have re-established a formal programme of environmental performance reviews (internal audits) of our global manufacturing and R&D facilities, using experienced environmental auditors both from within the Group and from external, independent consultants.		

Environmental Regulatory Compliance

Compliance with environmental regulations is generally seen as the baseline for sound environmental management practice. Stakeholders are rightly interested in any incidents where, for whatever reason, regulatory compliance has not been maintained and a prosecution or fine has occurred.

2001 Performance

In 2001 no Reckitt Benckiser owned manufacturing or R&D facility was prosecuted or fined for environmental regulatory non-compliance.

Stakeholder Engagement

We operate within a wider society that expects us to play a responsible role and to deal effectively with the issues that concern people and communities. Engagement with key stakeholders is an important part of our environmental strategy, helping us to better understand other's expectations and determine how we can best meet them in practical terms. Engagement is an ongoing process that helps us to correctly assess and ascribe significance to our environmental aspects and impacts.

2001 Performance

In 2001 we undertook environmental engagement with all of the six stakeholder groups identified by the UK Business in the Environment (BiE) Index of Corporate Environmental Engagement, namely:

- Customers and / or Consumers
- Financial stakeholders (lenders / insurers / investors / analysts)
- Government and / or Regulators
- Local Communities
- NGO's and / or Media
- Suppliers.

Environmental Performance

Environmental Aspects

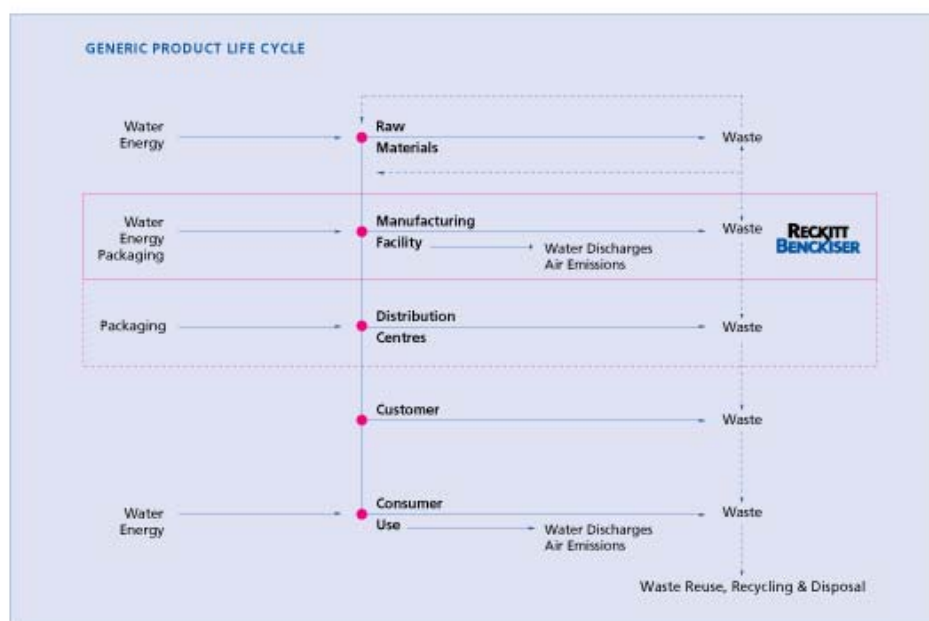
We have identified seven significant environmental aspects for our business:

- Water Use
- Energy Use
- Raw Material Use
- Air Emissions
- Water Discharges
- Waste
- Packaging

The process to better define our environmental aspects and impacts is ongoing and comments are welcome (see page 23 for contact details).

Product Life Cycle Management

Product Life Cycle Management (LCM) is the integration of the environmental life cycle approach in to the management of our environmental aspects and impacts. By taking a life cycle management approach, looking at the environmental impacts associated with our products before we manufacture them and after we sell them, alongside those from our direct operations, we aim to achieve continuous improvements in the environmental sustainability of both individual products and our business as a whole. Another name for this is environmental stewardship. Working with our suppliers is a key element of this approach (see Managing the Supply Chain, page 19).



To contribute effectively to environmental sustainability we need to close the loop between resource use and disposal, improve resource efficiency at every stage of the product life cycle to prevent and minimise waste and emissions, and keep materials in circulation by re-using and recycling wastes where it is sensible to do so. This is called eco-efficiency. Examples of action in this area include reductions in packaging materials and the use of recycled materials in the packaging that we do use for many of our products (see Packaging, page 17).

Performance Reporting and Targets [\(see Basis of Performance Reporting, page 22\)](#)

In this report we are presenting data and information from all of our 52 global manufacturing facilities, our 5 global research & development (R&D) facilities and from global product distribution (finished product transport from manufacturing facilities to distribution centres and from those distribution centres to our customers).

All numerical targets stated are for improvement against 2000 environmental performance.

A - Material and Resource Use

Our manufacturing facilities use water, energy and raw materials to make our products (plus product packaging, which is dealt with separately in section C1 on page 17).

A1. Energy Use

Our use of energy impacts on the environment in several ways:

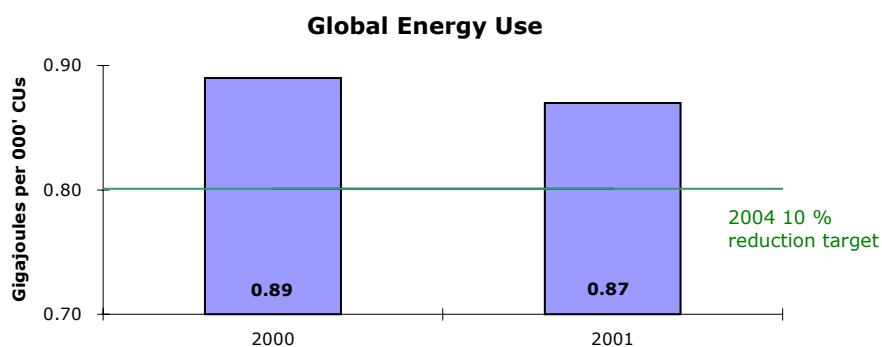
- the majority of global energy production still comes from burning non-renewable fossil fuels (e.g. coal, oil and gas), depleting fossil fuel reserves.
- burning fossil fuels produces combustion gases, including nitrogen oxides (NO_x) and sulphur dioxide (SO₂), which contribute to acid rain and low-level air pollution.
- fossil fuel combustion also produces greenhouse gases such as carbon dioxide (CO₂) and methane (CH₄), which are now generally accepted to be responsible for causing global climate change (global warming). Some greenhouse gases contribute to global warming more than others do, their relative impact is called their global warming potential (GWP), expressed in CO₂ equivalents.

Our manufacturing and R&D facilities use a range of energy sources across the world to power production, support services and for space heating and lighting.

Target	Review our options for: a) moving from energy sources with a higher global warming potential (GWP) to those with a lower GWP. b) increasing our use of renewable energy sources.	Deadline: by 31 st Dec. 2002	Status: DONE
Performance Against Target	We have reviewed, and are working to implement where economically viable, options for moving to lower GWP energy sources and increasing our use of renewable energy sources.		

2001 Performance

- Our global manufacturing and R&D facilities consumed 0.87 GJ of energy for every 1,000 Consumer Units (CUs) of production in 2001, and 3.8 million GJ in total.



- This is a decrease of 2 % per 1,000 Consumer Units and 3 % in total, compared to 2000.
- Actions taken in 2001 to achieve this improvement included:
 - installation of new and more efficient air emission control equipment at our Belle Mead facility in the United States.
 - replacement of an old inefficient boiler, accompanied by a site-wide energy efficiency programme, at our Nairobi facility in Africa.

Future Target	We aim to achieve a 10 % reduction in global energy consumption per 1,000 Consumer Units (CUs) of production by 31 st December 2004.
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A2. Water Use

Access to good quality fresh water is a global sustainability issue, with fresh water systems under ever-increasing human demands. In terms of actual impact it is a regional and local issue; in some parts of the world water is relatively plentiful, in other regions availability of and access to supplies is limited.

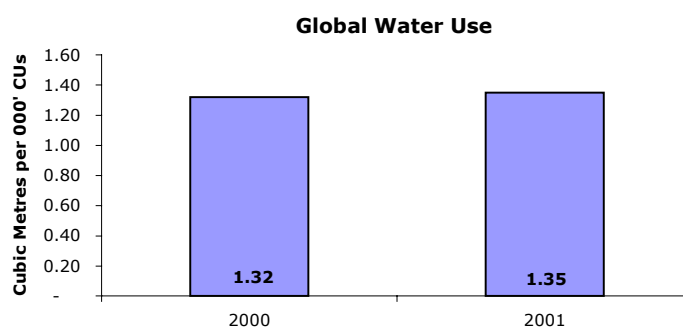
Over the last decade the household products industry has moved to selling many products (particularly laundry and dishwashing products) as concentrates. This has helped to reduce the amount of water needed to make those products. Water is also consumed when people use laundry, dishwashing and some of our other household products (see Product Use & Disposal, page 21).

Target	Investigate the relative availability of water resources used by our global manufacturing facilities.	Deadline: by 30 th June 2002	Status: DONE
Performance Against Target	We have completed an investigation of the relative availability of regional water resources used by our global manufacturing facilities.		

Target	Review water consumption levels at all manufacturing facilities.	Deadline: by 30 th June 2002	Status: DONE
Performance Against Target	We have reviewed water consumption levels at all manufacturing (and R&D) facilities, through our global environmental reporting process.		

2001 Performance

- Our global manufacturing facilities consumed 1.35 m³ of water for every 1,000 Consumer Units (CUs) of production in 2001, and 5.8 million m³ in total.



- This is an increase of 2 % per 1,000 Consumer Units and 1 % in total, compared to 2000.
- Reasons for this increase in water use include the dynamic nature of our business causing variations in product mix (i.e. year-on-year differences in the types of products that we make) at several facilities.

66 % of the water we consumed in 2001 was returned to water systems after we had made use of it (see Water Discharges, page 15). The rest went into our products, was contained in liquid & solid wastes sent off-site, or evaporated from our cooling systems.

We are working to reduce our water consumption per Consumer Unit (CU) through process improvement and cost reduction programmes. However, a global water use target is not a good goal for environmental improvement, because water-use impacts are largely governed by the availability of water resources at a local and regional level.

Target	Establish water resource based targets for manufacturing facility water consumption.	Deadline: by 31 st Dec. 2002	Status: DONE
Performance Against Target	We have established water resource based targets for the investigation and reduction of manufacturing facility water consumption, based on the relative availability of the water resources that our manufacturing facilities use.		

A3. Raw Material Use

Managing our raw material consumption will help to achieve improvements in environmental performance throughout the product life cycle, by reducing the volume and optimising the characteristics and mix of the resources that we use.

We are working to reduce resource use through improving process efficiencies at our manufacturing facilities.

We are working to optimise resource use by changing product compositions (varying the materials and proportions of materials used to make specific products). However, this is a complex, time-consuming and expensive process. All such changes require performance testing and health, safety and environmental review.

The challenge is for us to make improvements in all areas of raw material use over time whilst managing the economic impact upon our business and ensuring that the products still work at the required level when we have finished. We have already been working on programmes in this area for many years and will continue to do so. As the nature of these programmes is usually commercially confidential, we cannot report further details.

We shall continue to develop more efficient ways to use raw materials and to find ways of reducing the overall environmental impact of our products life cycle.

Target	Establish an environmental reporting system for global raw material use.	Deadline: by 31 st May 2002	Status: DONE
Performance Against Target	We have established a reporting system for raw material use at our global manufacturing facilities, through our environmental reporting system, providing information on the top five raw materials used in terms of quantity at each site. We now need to review, aggregate and verify this information.		
Target	Establish performance targets regarding raw material use.	Deadline: by 31 st Dec. 2002	Status: DONE
Performance Against Target	We have established targets for changing product compositions to achieve a lower environmental impact in a number of areas and have progressed implementation programmes to achieve them. The nature of these targets is generally commercially confidential.		

Reckitt Benckiser is a member of the European-based AISE (International Association for Soaps, Detergents and Maintenance Products) and subscribes to the AISE Code of Environmental Good Practice, including European industry-wide targets for reductions in laundry detergent, packaging, poorly-biodegradable substances and energy consumption per capita. For further information on these targets, please see the AISE web site (www.aise-net.org). We are also members of other relevant industry associations globally, including the UKCPI (the UK Cleaning Products Industry Association www.ukcpi.org) and the Soap and Detergent Association (a trade association in North America representing manufacturers of household, industrial and institutional cleaning products, their ingredients, and finished packaging www.cleaning101.com).

B - Emissions

B1. Air Emissions

Atmospheric emissions associated with our operations are of two main types:

Manufacturing Facility Process Air Emissions: include sulphur oxides (SO_x) which can combine with water and other substances in the atmosphere to form acid rain, and volatile organic compounds (VOCs) and nitrogen oxides (NO_x) which contribute to low level air pollution. Our facilities use air emission control equipment to manage these emissions, for example high temperature incinerators are used to destroy volatile organic compounds (VOCs) at aerosol manufacturing facilities.

We have been improving performance at a site specific level, for example, the thermal oxidiser installed at our Belle Mead factory in the United States in 2001 destroys more than 99 % of site VOC emissions.

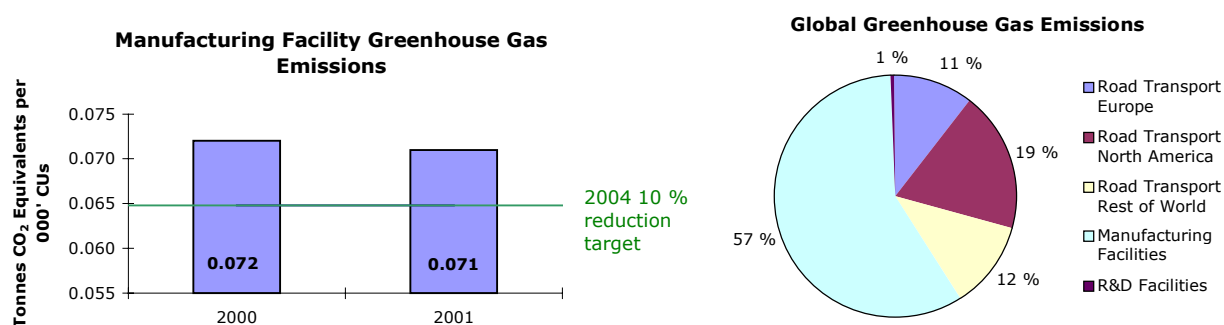
Target	Establish a system to collect centrally data on global emissions of sulphur compounds (SO _x), nitrogen oxides (NO _x) and volatile organic compounds (VOCs) from manufacturing facility sources.	Deadline: by 31 st May 2002	Status: DONE
Performance Against Target	We have collected data on our global emissions of SO _x , NO _x and VOCs from manufacturing facilities, for the first time. We need to further review, aggregate and verify this information before it can be reported externally.		

Target	Investigate practical options with our transport contractors to reduce the emissions of carbon dioxide (CO ₂) equivalent greenhouse gases from our product transportation.	Deadline: by 31 st Dec. 2002	Status: DONE
Performance Against Target	We have investigated CO ₂ emission reduction options, and are now implementing practical improvement programmes for logistics optimisation, with transport contractors in Europe and North America.		

Fossil Fuel Derived Energy Use Emissions: greenhouse gases such as carbon dioxide (CO₂), nitrogen oxides (NO_x) and methane (CH₄) derived from fossil fuel combustion are now generally accepted to be responsible for causing global climate change. Our main fossil fuel uses are manufacturing facility energy use (see section A2, Energy Use, on page 11) and product transport (see section C2, Transport and Logistics, page 18).

2001 Performance

- Our global manufacturing facility energy use produced greenhouse gas emissions equivalent to 0.071 tonnes of carbon dioxide (CO₂) for every 1,000 Consumer Units (CUs) of production in 2001 and 308,000 tonnes of CO₂ equivalent in total.
- This is a decrease of 1 % per 1,000 Consumer Units, 2 % in real terms, and 7,372 tonnes of CO₂ equivalent in total, compared to 2000.



- Our sub-contracted global road transport produced greenhouse gas emissions equivalent to approximately 0.05 tonnes of CO₂ for every 1,000 CUs of production in 2001 and 208,786 tonnes of CO₂ equivalent in total (see Transport and Logistics, page 18).

Future Target	We aim to achieve a 10 % reduction in our emissions of carbon dioxide (CO ₂) equivalent greenhouse gases from global manufacturing facilities per 1,000 Consumer Units (CUs) of production by 31 st December 2004.
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B2. Water Discharges

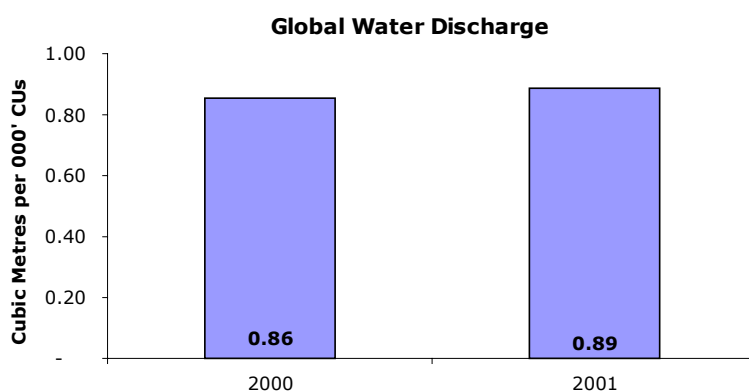
66 % of the water used at our manufacturing facilities in 2001 was released back in to water systems, either to public sewers from where it goes to municipal waste water treatment plants, or to the natural environment via rivers or other water bodies.

Our facilities are subject to national and local requirements governing how much water they can discharge in to the environment, where they can release it and what quality limits must be met. Each manufacturing facility is responsible for ensuring that its water discharges have been properly treated to meet the required quality standards and that discharges are released in line with any volume restrictions.

The water we discharge to public sewers for municipal wastewater treatment is a cost to the business. This means manufacturing facilities are already focused on reducing the use and discharge of water, and on maintaining good water discharge quality.

2001 Performance

- Our global manufacturing and R&D facilities discharged 0.89 m³ of water for every 1,000 Consumer Units (CUs) of production in 2001, and 3.8 million m³ in total.



- This is an increase of 4 % per 1,000 Consumer Units and 3 % in total, compared to 2000.
- Reasons for this increase in water discharges include:
 - variations in product mix (i.e. year-on-year differences in the types of products that we make) at several facilities
 - the change of what was previously a hazardous liquid waste to a water discharge, after on-site wastewater treatment, at our factory in Hull, UK.

A global target for reducing water discharge volume or improving quality will not provide good goals for environmental improvement, because our impact will be largely governed by the capability of the receiving environment to accept our discharges without damage, which will vary at a local level.

Target	Identify a method to assess the capacity of local receiving water systems to absorb our manufacturing facility discharges.	Deadline: by 31 st Dec. 2002	Status: DONE
Performance Against Target	We have identified processes to assess the capacity of local receiving water systems to absorb our manufacturing facility discharges and shall be working to implement this during 2003. We will report on our progress with this initiative in 2004.		

B3. Waste

This section deals with the waste produced at our global manufacturing and R&D facilities, which includes both solid and liquid waste, but excludes waste water discharges (see Water Discharges, page 15).

Waste is any unwanted material or substance that is surplus to requirements at the point of its generation and includes wastes that are reused off-site, recycled or sold.

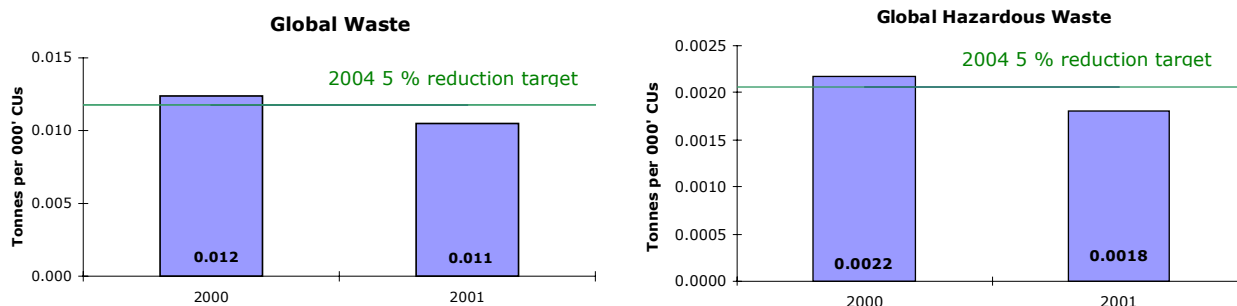
The key to effective waste management in both environmental and business terms is to implement the waste hierarchy of eliminate, reduce, re-use, recycle and dispose, in that order.

Target	Achieve a 5 % reduction in waste from our manufacturing facilities per 1,000 Consumer Units (CUs) of production.	Deadline: by 31 st December 2004	Status: DONE
Performance Against Target	Waste from our manufacturing facilities decreased by 15 % per 1,000 consumer units in 2001, compared to 2000.		

Target	Achieve a 5 % reduction in hazardous waste from our manufacturing facilities per 1,000 Consumer Units (CUs) of production.	Deadline: by 31 st December 2004	Status: DONE
Performance Against Target	Hazardous waste from our manufacturing facilities decreased by 18 % per 1,000 consumer units in 2001, compared to 2000.		

2001 Performance

- Our global manufacturing and R&D facilities produced 0.01 tonnes of waste for every 1,000 Consumer Units (CUs) of production in 2001, and 45,300 tonnes of waste in total.
- This is a decrease of 15 % per 1,000 Consumer Units and 16 % in total, compared to 2000.



- Our global manufacturing and R&D facilities produced 0.002 tonnes of hazardous waste for every 1,000 Consumer Units (CUs) of production in 2001, and 7,800 tonnes of hazardous waste in total.
- This is a decrease of 18 % per 1,000 Consumer Units and 18 % in total compared to 2000.
- Actions taken in 2001 to achieve these performance improvements included:
 - rationalisation of production operations at our factories in Mira (Italy), Hosur (India) and Wetherill Park & West Ryde (United States) that significantly reduced hazardous waste production.
 - a waste reduction programme at Derby, United Kingdom as part of their ISO 14001 certified environmental management system.
 - packaging line improvements reducing paper and plastic waste at Ladenburg, Germany.

C – Other Supply Impacts

C1. Packaging

Packaging comprises all items used for the containment, protection, handling, delivery and presentation of our products.

Every consumer unit (CU) we sell uses some form of packaging to contain it prior to use, this is called sales or primary packaging. Additionally, individual consumer units are often grouped together for ease of handling, which is called grouped or secondary packaging; and transport or tertiary packaging is used for, and prevents damage during, transport and storage.

Packaging forms a significant volume of material in our products life cycle (see page 10). Although it fulfils a very necessary and useful purpose, the majority of primary product packaging will be thrown away by the consumer after a product has been used, adding to the volume of household waste that must be disposed of. Levels of post-consumer packaging waste recycling are generally low, although there are some significant national and local variations.

Target	Establish an environmental reporting system to aggregate global data on packaging volumes.	Deadline by: 31 st July 2002	Status: DONE
Performance Against Target	We have established an environmental reporting system to aggregate global data on primary packaging volumes and have started to obtain this data. We need to further review, aggregate and verify this information before it can be reported externally.		

We already have a strong focus on reducing the environmental impacts associated with our use of packaging throughout the product life cycle. The methods we are using include:

- Use of wholly or partially recycled packaging materials where practicable.
- Reduction of material used to produce packaging components (e.g. lighter bottles/caps, thinner films and thinner cardboard).
- Working with our packaging suppliers to understand the causes of waste in their manufacturing processes and how we can change our packaging to reduce that waste.

2001 Performance

Project Lysol-Wizard, undertaken towards the end of 2001, has reduced cardboard secondary packaging on batches of Lysol and Wizard aerosol cans in North America by approximately 72 %.

A reduction in cardboard packaging use of about 675 metric tonnes is expected during 2002 as a result.

The environmental improvements associated with this initiative will include reduced waste generation by our customers and decreased energy use during packaging manufacture and transport.

PVC packaging (polyvinyl chloride, a commonly used plastic) is an issue of stakeholder concern regarding potential environmental and human health risks associated with its manufacture and disposal. The vast majority of products made by Reckitt Benckiser do not use packaging components made of PVC. However, in response to stakeholder concern, we have decided to avoid using PVC packaging components for new products and we are currently implementing a programme to replace PVC packaging for existing products, although this will take some time. Our ultimate objective is to replace all use of PVC packaging components with non-PVC packaging components globally.

C2. Transport and Logistics

We use contracted road, rail and sea transport to move our products to customers across the world. Raw materials are transported by suppliers to our manufacturing facilities. Our employees undertake business travel nationally and internationally by road, rail and air.

The environmental impacts of transport and logistics are mostly associated with the use of fossil fuels by road, rail, air or sea transport; these are discussed in the sections on Energy Use (page 11) and Air Emissions (page 14). Other less quantifiable impacts include contributions to transport congestion and the loss of general environmental quality caused by noise and dust etc.

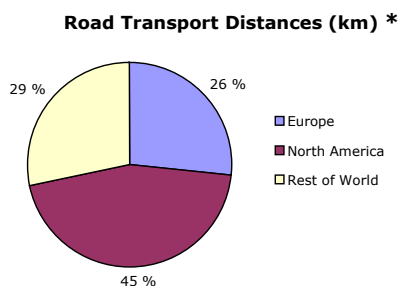
The local health effects of some combustion by-products associated with transportation (for example from PM10s, the very small particles associated with burning diesel fuels) are generally of increasing concern with regard to health issues such as childhood asthma and low level air pollution, particularly in cities where road traffic is of a high density.

Target	Improve our process for the acquisition of transport data for environmental reporting.	Deadline: by 31 st May 2002	Status: DONE
Performance Against Target	We have significantly improved our process for the acquisition of global transport data for environmental reporting. As a result of these improvements additional ways to improve this process even further have been identified.		

It is in our interest to keep our costs down by optimising the efficiency of product transportation. It is also in the interest of our transport contractors to minimise distances travelled through route optimisation and to minimise fuel consumption through speed control and vehicle aerodynamics.

2001 Performance

- In 2001 we moved approximately 2,500 twenty-foot containers of product internationally by sea compared to approximately 2,400 containers in 2000, an increase of 4 % due to higher sales volumes.
- In 2001 our global transport contractors travelled approximately 220 million kilometres (140 million miles) by road, taking products from our manufacturing facilities to distribution centres and from distribution centres to customers. This data includes transport of non-Reckitt Benckiser produced goods (i.e. products produced by external suppliers) from distribution centres to customers.



* Rest of World data is an extrapolation of actual data for Europe and North America, proportional to relative net revenue. 2000 road transport data is not shown here because changes in the way 2001 data was calculated, to improve the data quality, do not allow a meaningful comparison with the 2000 data.

We are starting to engage more with our transport contractors to reduce the impact of our product transport and distribution on the environment (see Managing the Supply Chain, page 19).

Future Target	We shall implement additional improvements in our transport data acquisition process, to further improve the quality of this data, for our next (2002) environmental report.
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C3. Managing the Supply Chain

The environmental impacts of our processes and products extend in to our supply chain, both through the materials and services provided to us by our suppliers and (indirectly) through the environmental impacts of those suppliers themselves.

One of our environmental policy objectives is to engage with stakeholders on environmental issues, including the integration of environmental factors in to our relationships with key suppliers.

Environmental Supply Chain Programme

Our approach is to assess our supplier categories in terms of the anticipated environmental impacts, risks and opportunities of our interactions with them, and to then prioritise them on this basis, whilst also accounting for our relative ability to influence their activities.

Target	Start additional environmental engagement with our suppliers, based upon our Environmental Supply Chain Programme framework.	Deadline: by 30 th April 2002	Status: DONE
Performance Against Target	We have undertaken environmental engagement with several selected suppliers based upon our Environmental Supply Chain Programme framework (see page 14 regarding engagement with transport contractors in Europe and North America). Where appropriate this engagement has been integrated with new product research & development (R&D) and existing product improvement. We shall now be expanding this engagement further.		

The focus for engagement with suppliers continues to be looking for ways in which we can work with them to improve the environmental performance of both their and our products and processes at the same time. This approach is already integrated across the business in an informal manner through existing product improvement and cost reduction programmes.

Future Targets	We will start reporting in more detail on our environmental engagement with suppliers in our next (2002) environmental report.
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C4. Land Use, Condition and Biodiversity

Land Use

The land on which our facilities are located is a resource. It makes sense for us to practice environmental stewardship in our management of it, both to preserve its value for the future and to prevent any potential liabilities arising from our use of it.

Land Condition

Where land has been exposed to chemical or other pollution, and is deemed to pose a risk to human health or the environment, it is called contaminated land. As part of our Group environmental management system (EMS), including environmental performance reviews (internal audits), we are continuing to confirm the condition of our land portfolio. If we identify any land that could pose a risk to human health or the environment we will take appropriate action.

Biodiversity

There has been increasing interest by some stakeholders in companies' approaches to biodiversity, stimulated partly by the greater recognition that biodiversity is a key component of environmental sustainability.

Organisations working with business on biodiversity issues recommend that companies develop a Biodiversity Action Plan (BAP), to help them to manage their impacts on biodiversity in a structured way and in line with wider conservation objectives.

Target	Include the review of land condition, risks of pollution to land from our activities and biodiversity impacts in our internal environmental performance reviews.	Deadline: Starting before 31 st March 2002	Status: DONE
Performance Against Target	We have included the review of land condition, risks of pollution to land from our activities and biodiversity impacts in to our internal environmental performance reviews (internal audits) of manufacturing and R&D facilities.		
Target	Establish a Company Biodiversity Action Plan (BAP).	Deadline: by 31 st Dec. 2002	Status: DONE
Performance Against Target	We have established a Company BAP that is publicly available on our web site. Our BAP will be regularly reviewed to ensure that our actions match the commitments in our environmental policy and objectives.		

D - Product Use and Disposal

Dishwashing and Fabric Care Product Use

Our Dishwashing and Fabric Care product categories, which together comprised 38 % of 2001 net revenues, are mostly used in or with automatic dishwashing machines and laundry washing machines. These appliances typically comprise a large volume of a household's electricity and water consumption. Life cycle studies indicate that the greatest environmental impact associated with many consumer products used in household appliances does not occur during their manufacture and distribution (the activities that Reckitt Benckiser undertakes), but in product use and disposal by consumers.

Recent household product industry developments include:

- Ingredient improvement, that has allowed the temperature at which fabric and dishwashing products perform to be reduced, with associated reductions in consumer energy consumption.
- Product concentration, which has reduced the volume of a product, required to do the same job, so that less raw materials are required and less packaging is needed to contain them.
- Controlled dosing, where detergent tablets and capsules provide consumers with predetermined units of product dose. This helps to prevent over (and under) dosing, whilst also being convenient to use.

2001 Performance

In 2001 Reckitt Benckiser launched *Calgonit* and *Finish* 3-in-1 dishwashing tablets in Western Europe, Asia Pacific and Rest of the World regions; combining dishwasher salt, detergent and rinse agent in one product. This development reduces the number of products required from three to one (reducing the volume of materials and packaging required), allows consumers to use a single controlled dose (preventing under / over dosing), and delivers that product in a concentrated form (again, decreasing raw material and packaging use).

Product Composition

Some stakeholders are interested in the composition of consumer products, reflecting people's desire not to be exposed to harmful chemicals by using those products. As part of our product research and development (R&D) activities we apply Health, Safety and Environmental 'filters' using our Global Ingredient Guidelines, to prevent materials of concern from being used and to improve the environmental sustainability of our products and their packaging. Our R&D Regulatory, Safety & Environmental services team reviews and advises on compliance with product health, safety and environmental standards world-wide, for both new and existing products, so that we keep up-to-date with the latest developments in these areas. The arguments surrounding many of the issues that can cause concern are often complex; our approach is to make decisions about product composition based on a combination of scientific risk assessment and stakeholder concern.

2001 Performance

There have been concerns that certain artificial musks may be carcinogenic. In October 2001 we completed a two and a half-year programme to identify and remove fragrances containing these nitro and polycyclic musks from our products. Globally, we know of only a single Reckitt Benckiser product remaining using a fragrance containing a nitro musk, and a single product using a fragrance containing a polycyclic musk; in both cases we are presently awaiting regulatory approval to change the composition and remove them. It is not a legal requirement to remove these fragrance components, which occur in extremely small quantities, this is a voluntary programme.

The HERA Project

The HERA (Human and Environmental Risk Assessment on ingredients of household cleaning products) project was launched in September 1999 by the European-based AISE (the International Association for Soaps, Detergents and Maintenance Products) and CEFIC (the European Chemical Industries Council). It is a voluntary initiative that aims to provide the public and regulators with information on any potential risks associated with detergent ingredients and products, and to meet the demands for more transparency in product safety assessments. Reckitt Benckiser's role in HERA is to provide baseline data necessary for the risk assessments to be undertaken and to contribute funding to the teams undertaking this work. For more information please visit the HERA web site (www.heraproject.com).

The Soap and Detergent Association (a trade association in North America representing manufacturers of household, industrial and institutional cleaning products, their ingredients, and finished packaging www.cleaning101.com) is working with industry and the US EPA (Environmental Protection Agency) regarding high production volume chemicals in a similar programme to the HERA project.

Basis of Performance Reporting

Scope

This report provides information on all of Reckitt Benckiser's 52 owned manufacturing facilities globally, our 5 global Research & Development (R&D) centres, and on product distribution from our factories to distribution centres and from distribution centres to customers, for the period 1st January to 31st December 2001. During 2001 one manufacturing facility was closed and one facility bought in that year is now reporting for the first time (whilst also providing historic data for 2000).

This report does not include data for our offices (except where they are integrated with a manufacturing or R&D facility) or suppliers (except for the distances travelled by our transport contractors).

Performance data is normalised against Consumer Unit (CU) production volumes, which allows us to directly compare our performance from year to year regardless of changes in production volumes. In fact production rationalisation at Reckitt Benckiser owned manufacturing facilities caused their production to fall by 1 % during 2001, reducing somewhat the size of the improvements that we made per consumer unit. Non-normalised data is also provided for direct comparison purposes.

All performance targets are for improvement against our 2000 performance.

Calculation of Global Warming Potential (GWP)

Global Warming Potential (GWP) CO₂ equivalent emissions from facility energy consumption and contracted road transport have been calculated in line with, and using conversion factors from:

- the UK Department for Environment, Food & Rural Affairs (DEFRA) *Guidelines for Company Reporting on Greenhouse Gas Emissions, 2001*
- the United Nations Environment Programme (UNEP) *Guidelines for Calculating Greenhouse Gas Emissions for Businesses and Non-Commercial Organisations, 2000*
- the Intergovernmental Panel on Climate Change (IPCC) *Guidelines for National Greenhouse Gas Inventories, 1996*

Recent Performance

The accuracy of data for CO₂ equivalent emissions from manufacturing facility electricity consumption has been improved, for both 2000 and 2001 data, by changing from a single global conversion factor to country specific conversion factors for the 31 countries in which our manufacturing and R&D facilities are located.

Data Quality

We have made significant improvements in our global environmental reporting system since our first (2000) environmental report, providing similarly significant improvements in data quality. However, the original source data from which global data is aggregated will always be subject to a degree of uncertainty due to limitations of interpretation, measurement and calculation and the national and regional differences in both common and regulatory definitions. We have sought to minimise these as far as practicable at this time, and will continue, for our next (2002) environmental report, to improve the quality of site-specific and global aggregated data that are obtained and reported.

Restatement of 2000 Data

Due to significant improvements in our environmental reporting system (see Data Quality above) we have identified and have corrected for this report errors in the 2000 data presented in our 2000 environmental report. It is best practice to report these differences whenever restating previously published data and this is done below:

Differences between 2000 data reported in Environmental Report 2000 and Environmental Report 2001							
Performance Indicator	Units	Reported Quantities			Normalised Quantities (per '000 CUs)		
		Environmental Report 2000	Restated Data	% Diff	Environmental Report 2000	Restated Data	% Diff
Energy Use	GJ	5,686,394	3,870,594	- 32	1.21	0.89	-27
Water Use	cubic meters	5,506,103	5,755,674	5	1.17	1.32	13
Greenhouse Gas Emissions	tonnes CO ₂ equivalent	411,393	315,327	- 23	0.09	0.07	- 22
Water Discharge	cubic meters	3,583,688	3,725,492	4	0.76	0.86	13
Total Waste	metric tonnes	47,800	54,018	13	0.01020	0.01240	22
Hazardous Waste	metric tonnes	4,774	9,540	100	0.00102	0.00219	115

Glossary

Biodiversity	Biological Diversity. The variety of living things; the different plants, animals and micro-organisms, the genes they contain and the ecosystems of which they are a part (<i>Earthwatch Institute / English Nature</i>).
Consumer	The person who uses our products, usually in the home.
Consumer Unit (CU)	The normal unit of product purchase by a consumer (i.e. a single box, bag, bottle etc.).
Contaminated Land	An area which appears to be in such a condition, by reason of substances in, on or under the land that: a) significant harm is being caused, or there is a significant possibility of such harm being caused, to living organisms or the ecological systems of which they form part; or, b) pollution of a natural water body is being, or is likely to be caused (based on <i>UK EPA 1990</i>).
Customers	The companies to whom we sell our products.
Eco-efficiency	Creating more goods and services with ever less use of resources, waste and pollution (<i>World Business Council for Sustainable Development</i>). It is (arguably) the major contribution that business can make towards achieving Environmental Sustainability.
Environment	Surroundings, including air, water, land, natural resources, flora, fauna, humans, and their interactions (<i>ISO 14001</i>).
Environmental Aspect	An element of an organisations activities, products or services that can interact with the environment (<i>ISO 14001</i>).
Environmental Audit	A systematic, documented and objective evaluation of conformance to specific environmental management and performance criteria.
Environmental Impact	Any change to the environment, whether adverse or beneficial, wholly or partially resulting from an organisations activities, products or services (<i>ISO 14001</i>).
Environmental Management System (EMS)	The part of an overall management system (including organisational structure, responsibilities, practices, procedures, processes and resources) for developing, implementing, reviewing and maintaining an environmental policy (<i>ISO 14050</i>).
Environmental Performance	Overall impact on the environment, particularly over time.
Environmental Risk	The <i>Association of British Insurers (ABI)</i> defines risk as meaning uncertainty generally, rather than a definite actual or potential threat. It follows that environmental risks are environmental uncertainties, including both potential threats and potential opportunities.
Environmental Stewardship	Considering and influencing the environmental impacts that arise directly or indirectly from a company's products or services (<i>Business in the Environment</i>).
Environmental Sustainability	Maintaining the environment's natural qualities and characteristics and its capacity to fulfil its full range of functions, including supply of natural resources, and maintenance of life support systems for plants and animals (<i>English Nature</i>).
Independent Review	An independent review of the reliability and credibility of a report (see page 24).
Manufacturing Facilities	The factories where our products are blended and packaged before being shipped to distribution centres or our customers.
Resources	Resources: Anything that is of use to humans. Renewable Resources: Resources that ultimately derive from solar energy (e.g. trees, rain, fish, wood) and which are renewable over less than a geological time-scale; although use above their maximum sustainable yield will produce ever-diminishing returns and ultimately damage or loss. Non-Renewable Resources: Resources that have accumulated or developed over a geological time-scale and cannot be replaced except over a similar geological time-scale.
Stakeholders	Those who either affect, or are affected by, the activities of a company. They include customers and consumers, lenders and insurers, investors and analysts, government, regulators, local communities, NGOs (Non-Governmental Organisations), the media and suppliers. (<i>Business in the Environment</i>).
Stakeholder Engagement	The process of listening and talking to stakeholder groups in order to better understand and meet their expectations.
Sustainability	The capacity for continuance in to the long-term future. In practice this means carefully managing the environmental, social and economic impacts of our activities and using resources wisely.

Contacts

- For further information on Reckitt Benckiser's products, financial performance and corporate governance policies please visit our web site at: www.reckittbenckiser.com
- For further information on Reckitt Benckiser's environmental management and performance, or if you have any comments on this report, please contact:

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Independent Review Report to the Executive Committee of Reckitt Benckiser plc:

The Reckitt Benckiser plc Environmental Report 2001 (“the Report”) summarises the environmental management, policies and programmes of the Reckitt Benckiser Group’s (“the Group”) global operations, including performance information, for the period January to December 2001. The Report is solely the responsibility of Group management and has been approved by the Executive Committee.

PricewaterhouseCoopers was requested by management to complete an independent review of specified Group level environmental management and reporting processes described within the Report. Our responsibility is only to Reckitt Benckiser management and is to report on our findings, based on the scope of work and terms agreed with Reckitt Benckiser management for this purpose. As part of our review we considered specifically:

- The scope of the reporting process, in respect of inclusion of material information on Group operations and coverage of the significant Group level environmental impacts;
- The existence and adoption of the Group level processes for the collation, review and aggregation of the reported data and/or information from global manufacturing facilities in relation to three selected parameters: waste generation, atmospheric emissions (excluding greenhouse gases) and the status of compliance with environmental legislation (“the selected parameters”); and
- The consistency of the information contained in the Report in relation to the selected parameters with the findings of the work that we have completed.

There are no generally accepted international standards for reporting or review of environmental performance data or of processes to measure environmental performance. We have therefore adopted a review approach that reflects emerging best practice using a framework based on the principles underpinning financial and environmental assurance and reporting standards. Our review comprised:

- Interviews with Group management responsible for environmental matters;
- Review of relevant Group documentation including environmental policies, Group level environmental management and reporting structures and documentation relevant to the reporting process;
- Review of the Group level system and procedures for the collation, review and reporting of environmental data from global manufacturing facilities for the selected parameters. This included interviews with Group level management responsible for data reporting processes, telephone conversations with management at four facilities (selected based on the findings of our review of the 2000 Report and data submitted for 2001) and examination of the reported data for the selected parameters, on a sample basis, to confirm adoption of the reporting process;
- High level analytical review of the selected parameters to test the Group level data aggregation and evaluation processes and test the reasonableness of the data, on a sample basis; and
- Review of the Report text to assess consistency of the information presented with the findings of the work completed.

In preparing the findings below, we have not conducted an audit as defined in auditing standards, and we accordingly do not express an audit opinion on the performance data in the Report.

Review findings

Based upon our independent review, we have reported to management that:

- Nothing came to our attention to indicate that the scope of the Report (as described on page 22) does not, in all material respects, address the significant Group level environmental impacts;
- Group level processes for the collation, review and aggregation of the reported data and/or information for waste generation, atmospheric emissions (excluding greenhouse gases) and the status of legal compliance have been adopted for the preparation of the Group level performance data and/or information reported on pages 16, 14 and 8 respectively. Management has focused effort for this Report on improving data collection, aggregation, reporting and associated control processes which has led to a restatement of the performance data reported in the Environmental Report 2000. Management has informed us that additional work is underway to further improve the consistency and accuracy of the global environmental data that will be used for environmental performance management and reporting in the future.
- On the basis of our review we are not aware of any material modifications that should be made to the information presented.

During the review, we made a number of observations on the processes used to compile the information and the performance data in the Report and the scope and content of the Report, to assist in promoting continuous improvement in Group environmental reporting processes. These observations have been reported to and discussed with Reckitt Benckiser Group management.

April 2003, London