



Environmental Performance Report 2003

REPORT ON PROGRESS AND 2002 DATA



Contents

This is a brief description of our approach to environmental management – including our sustainability initiatives in agriculture, fish and water – and an overview of our environmental performance in 2002. Further details are available in the Environment & Society section of our website www.unilever.com.

	
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See our website www.unilever.com (click Environment & Society) for further information on our environmental performance.

Who we are

Unilever is a multi-local multinational with consumers, employees, business partners and shareholders on every continent.

The Unilever Group was created in 1930 when the UK soap-maker Lever Brothers merged its businesses with those of the Dutch margarine producer, Margarine Unie. Unilever has operations in around 100 countries and our products are on sale in 150.

Unilever has two divisions – Foods and Home & Personal Care. Food brands include such well-known names as *Bertolli*, *Hellmann's*, *Knorr*, *Lipton* and *Magnum*. Home & Personal Care brands include *Dove*, *Lux*, *Omo*, *Pond's* and *Sunsilk*.

At the end of 2002, we employed 247,000 people and our turnover was €48,760 million (see chart below). By the very nature of our business in cleaning, grooming and feeding people, our success depends on our companies being

close to consumers and deeply rooted in the societies and environments in which we operate. Over two-thirds of our raw materials come from agricultural sources.

All Unilever companies must comply with Unilever's environmental policy and management standards that apply across the Group.

Corporate responsibility performance indexes

Unilever is included in two leading stock market indexes, the FTSE4Good and the Dow Jones Sustainability Indexes (where we continue to rank best in sector).

The company is ranked top of the food sector in the UK's first Corporate Responsibility Index, published in early 2003 by Business in the Community, an independent UK business-led organisation. Unilever also led the food producers and processors sector of the Business in the Environment Index – the organisation's annual survey of corporate environmental engagement. The judging committee said: "Unilever remains way ahead of the chasing pack, extending its lead by demonstrating improvements on existing practices".

Group turnover and operating profit million

	€ 2000	€ 2001	€ 2002	£ 2000	£ 2001	£ 2002	\$ 2000	\$ 2001	\$ 2002
Group turnover	48,066	52,206	48,760	29,258	32,472	30,621	44,254	46,740	45,839
Group operating profit	3,238	5,258	5,125	1,970	3,270	3,219	2,981	4,707	4,818
Group operating profit BEIA*	5,794	7,269	7,260	3,525	4,521	4,559	5,334	6,508	6,825

* BEIA = Before exceptional items and amortisation of goodwill and intangibles.

For more information see our Annual Report & Accounts 2002.



Chairmen's message

Business behaviour is coming under increasing scrutiny in every part of the world. Our clear values, business principles and commitment to environmental and social responsibility are proving important assets as we continue to progress and prosper.



Antony Burgmans

Niall FitzGerald

During 2002 – the period covered by this report – we bought more than a third of our fish from sustainable sources and completed protocols for the sustainable management of five key crops. Our efforts to improve the quality of water in rivers and lakes and our initiatives to promote sustainable agriculture and fishing were recognised externally. For the fourth year running we have led our sector in the Dow Jones Sustainability Indexes. The quality of our environmental reporting was recognised by the Association of Chartered Certified Accountants (ACCA) when Unilever won ACCA's Best Environmental Report Award in the UK.

We continued to improve the environmental management and eco-efficiency (doing more with less) of our factories. Our improvement targets covering seven parameters are stretching and we did not meet them all in 2002. There are good reasons for this (see pages 11-13). However the data clearly show we continue to make progress towards our long-term objectives.

A review of our environmental strategy in 2002 showed that we made good progress in eco-efficiency, developing environmentally better products, and in our three sustainability initiatives (agriculture, fish and water). These activities remain central to our commitment to contribute to sustainable development.

The review identified three additional areas for our attention. First, we need to connect better with society on

environmental care and ensure that we understand evolving expectations. Second, we must make the most of our eco-manufacturing skills across the wider supply chain, including third-party product suppliers, providers of key raw materials, and transportation. Third, we need to embed environmental sustainability into everyday decisions. During 2003, plans will be developed with Unilever's Foods and Home & Personal Care Divisions to tackle these areas.

We are confident that our commitment to environmental improvement and social responsibility – deeply-rooted in our corporate culture – will continue to fortify our brands, inspire our people and contribute to building trust between us and our many stakeholders. This will help us maintain our momentum on our business plan called Path to Growth.

We thank all our employees for their commitment and exceptional teamwork throughout the year.

Antony Burgmans

Niall FitzGerald

Chairmen of Unilever

Unilever and sustainable development

By making and selling brands that meet people's everyday needs, we have grown into one of the world's largest consumer goods businesses.

We believe that doing business in a responsible way has a positive social and environmental impact. We create and share wealth, invest in local economies, develop people's skills and spread expertise – including good environmental practice – across borders.

As a global company we aim to play our part in addressing global social and environmental concerns, such as health and hygiene, water quality and sustainable agriculture.

This is why we are committed to contribute to sustainable development – meeting the needs of the present without compromising the ability of future generations to meet their needs.

There are many people and organisations who affect our business or are affected by it, including employees, customers, consumers, business partners, investors, governments and regulators.

As a multi-local multinational, we tackle global concerns with local actions and operate in partnership with local agencies, governments and non-governmental organisations.

We work with many business organisations, including the World Business Council for Sustainable Development, and we were one of the founding signatories to the United Nations Global Compact.

Our commitment to corporate responsibility is an integral part of our operating tradition. It is spelt out in our recently revised Code of Business Principles and in our Corporate Purpose. It finds practical expression in the worldwide standards we have set to ensure the safety of our consumers and our workforce and to minimise the environmental impact of our operations.

This report deals with the environmental aspects of our work. We also produce a Social Review, which sets out Unilever's approach to responsible corporate behaviour. It outlines current policies and practices, with local company examples, and provides a baseline from which we can measure future social performance. The Social Review, plus an overview brochure of Unilever's approach to environmental and social responsibility (Global Challenges: Local Actions), are available in the Environment & Society section of our website www.unilever.com.

Sustainability initiatives

We, as a business, depend on a healthy environment. The people who buy our cleaning products, for example, need clean water to use them and we need clean water to make them. Our frozen fish business must have a regular supply of healthy fish and our foods business needs high-quality farmed goods.

We are very conscious of our dependence on a healthy environment and the need to keep it that way with sound environmental practices of our own. We use a life cycle approach to assess our overall impact on the environment. This enables us to analyse our impacts and to concentrate on those areas where we can bring the greatest benefits.

Many issues that affect us are outside our direct control – either at the beginning of the supply chain or at the end. This is why in our sustainability initiatives we focus on three areas that are directly relevant to our business but which go beyond our own operations. These are agriculture, fish and water.



Working with spinach growers in Germany



Fishing for hoki in New Zealand



Caring for water along the Brantas River in Indonesia

Agriculture

Over two-thirds of our raw materials come from agriculture and we have always aimed for a responsible approach to farming practices. But in recent years it became clear that increasing environmental and social pressures on agriculture (which threaten our supply chains) and growing consumer concerns about the food chain (which threaten our markets) demanded a more radical attitude. This led to our Sustainable Agriculture Programme, which began in the 1990s.

We have completed guidelines for the sustainable management of all five of our key crops – palm oil, tea, peas, spinach and tomatoes – which are published on a website set up to share our knowledge (www.growingforthefuture.com).

We are also working with other major food companies – including Groupe Danone and Nestlé – to promote sustainable agriculture practices through the Sustainable Agriculture Initiative Platform (www.saiplatform.org).

See page 6 for our progress in 2002.

Fish

The world's major fisheries are under threat. Catches of the most important species for human consumption are at their lowest levels in recent years. According to the UN's Food and Agriculture Organisation, 48% of all fisheries are fully exploited, 16% over-fished and 9% depleted.

We are one of the world's largest buyers of frozen fish for our *Iglo*, *Birds Eye* and *Findus* brands. Without regular supplies we would have no fish business, so we have a clear commercial interest to protect and preserve fish stocks. In 1996 we made a long-term commitment to buy all our fish from sustainable sources. We set a milestone to achieve this by 2005. Also that year, working with the conservation organisation WWF, we jointly set up the Marine Stewardship Council (MSC) to establish a certification process for sustainable fishing practices.

See page 7 for progress in 2002.

Water

Our activities are intimately linked with safe water supplies, whether used in our operations, or by our suppliers, or by consumers who use our products. We have looked at our water use through the full life cycle of our products, and right across our product range, from raw material sourcing to consumer use of our products. This has given us a global picture – our imprint – of the way we impact on water resources.

The imprints of our two Divisions are quite different. Most of the water used in the Foods Division is in agriculture. We estimate that half of our overall water imprint is associated with growing the produce that accounts for over two-thirds of our raw materials. In Home & Personal Care, the imprint is dominated by water used by consumers – bathing, cleaning teeth and washing clothes. This underlines the need for us to work with consumers to foster the responsible use of water. It is clearly in our long-term interests to do so because without clean water many of our branded products would be unusable.

Understanding our imprint is enabling us to define priorities and to implement a framework for water within which our companies and product categories should operate.

Our SWIM (Sustainable Water Integrated catchment Management) principles and guidelines have been used to evaluate and focus our current projects.

For more detail on sustainability see the Environment & Society section of our website www.unilever.com.

Key events in 2002



Booklets on our sustainable agriculture programme are available at www.growingforthe future.com



Alaska pollock, one of the fish species used by Unilever



Unilever's exhibition at the World Summit on Sustainable Development, in Johannesburg, September 2002

Kodaikanal

In 2002 preparations continued for soil remediation at the former thermometer factory in Kodaikanal, southern India, operated by Hindustan Lever Limited (HLL).

The factory used to manufacture mercury thermometers, largely for export, and was due for closure because it was not part of HLL's core business. In March 2001, following receipt of information from local NGOs including Greenpeace India, HLL found that there had been breaches of procedures for the disposal of glass scrap. The company acted straightaway and voluntarily halted production at the factory.

Through most of 2002, extensive investigations and meetings with the authorities and interested individuals took place. Independent environmental consultants, URS, completed a risk assessment of the mercury-related operations at the site.

The URS *Final Report on Environmental Site Assessment and Risk Assessment for Mercury* was presented to the Working Committee of the Tamil Nadu Pollution Control Board at its meeting in October 2002. As the first stage of site

remediation, the Working Committee agreed to HLL's offer to export the following materials to the USA for mercury recovery and recycling:

- All mercury-containing glass scrap accumulated at the site
- Effluent treatment plant residue containing mercury
- Thermometers in various stages of manufacture when the factory operation was shut
- All stocks of mercury.

The URS report documentation also included reviews of HLL's medical surveillance programme by three independent bodies: the consultancy TNO (Netherlands Organisation for Applied Scientific Research); the All India Institute of Medical Sciences; and the Indian Association of Occupational Health. The reviews confirmed that adequate health procedures had been in place and that there was no adverse health impact because of operations with mercury at the site. See the full story in the Environment & Society pages at www.unilever.com.

Sustainable agriculture

In 2002, we continued to share our knowledge of sustainable agriculture practices with others in the food industry, farming organisations, non-governmental organisations and anyone else interested in the issues.

Our expertise has been developed over the past five years through our work in our Sustainable Agriculture Programme (see page 5). We have produced two summary brochures on progress and a number covering specific crops (all available as downloads on our website).

Our aim is to ensure Unilever's continued access to its key agricultural raw materials, and ultimately to develop market mechanisms that allow consumers and customers (eg retailers) to influence the sourcing of raw materials through their buying habits.

We prefer to see this work as non-competitive. We want others to join us in this endeavour to promote sustainable practices that will in the end benefit us all.

In 2002, we worked with many interested organisations in various parts of the world in the development of guidelines on best practice. Together with Groupe Danone and Nestlé we helped found the Sustainable Agriculture Initiative (SAI) Platform, a food industry project that supports the development of sustainable agriculture world-wide.

As a further demonstration of our willingness to share our knowledge, in 2002 we launched a separate website (www.growingforthe future.com). This will develop into a central access point for anyone wanting to find out more about our progress and will include detailed technical information.

Stakeholder engagement

Stakeholder engagement is integral to the way we work in our three sustainability initiatives on agriculture, fish and water.

Keeping up a dialogue with our stakeholders is important because it gives others a chance to contribute their views and helps us understand their needs. Much of this dialogue is between managers in our individual businesses and their stakeholders. We seek to improve the scope and effectiveness of dialogue with interested parties.

In 2002 we commissioned an independent survey among 38 leading corporate responsibility and sustainable development opinion formers in Europe and the USA. We sought to find out their impressions of Unilever as a socially and environmentally responsible company and their views on the key social and environmental issues facing the company now and in the future.

The results indicated that Unilever is perceived to be a company that manages its responsibilities well but that

greater efforts are needed to communicate its work and share its experience. The survey results are being used to improve the way we communicate and engage.

We work with the investment community to ensure that information about our approach to corporate responsibility and sustainable business management is available to shareholders and financial institutions. In 2002 we participated in a number of surveys conducted by the socially responsible investment (SRI) community, including the SAM Research / Dow Jones Corporate Sustainability Assessment and the Carbon Disclosure Project run by a consortium of investors. We also participated in the Environmental and Corporate Responsibility Indexes of the UK organisation, Business in the Community.

Our participation in the UN's Global Compact continues to provide opportunities for us to meet and co-operate with fellow signatories committed to the Compact's environmental and social principles.

World Summit on Sustainable Development

Unilever representatives participated in the World Summit on Sustainable Development (WSSD) in Johannesburg, South Africa in September 2002. We engaged in a wide range of debates, learned from others, shared information and profiled our partnerships in agriculture, corporate responsibility, fisheries and water.

We contributed to preparations for the WSSD, in particular the United Nations Environment Programme's report on the food and drink sector and meetings to discuss the oceans section of the Summit's implementation report.

Unilever supported the Summit's Virtual Exhibition with funding and case studies. Our stand provided information on our partnerships and also described the work of Unilever South Africa's Foundation for the Future.

An exhibition called the Water Dome emphasised the need to raise the importance of water on the international agenda. A public-private partnership (Unilever is a participant) that promotes handwashing was launched at the Dome. This aims to reduce diarrhoea by 40%. The first programmes are planned for India and Ghana.

Fish

In 1996 we made a long-term commitment to buy all our fish from sustainable sources. We set a milestone to achieve this by 2005. Seven years on, many fisheries are still overfished or depleted. Yet there are also fisheries around the world that have made bold steps in pursuit of ecological and commercial sustainability.

In 2002, we bought more than one third of our fish from sustainable sources. Six percent of our total fish purchases were from fisheries certified to Marine Stewardship Council (MSC) standards. Our global fish buying team completed the development of its internal sustainability assessment tool for fisheries, based on the UN Food and Agriculture Organisation's (FAO) Code of Conduct for Responsible Fisheries. The Marine Stewardship Council (MSC) certification for New Zealand hoki was confirmed after a

formal appeal and further sustainability improvements. South African and Chilean hake fisheries, potential new sources of sustainable fish supplies, applied for MSC certification in 2002. The US Alaska pollock fishery was in the final phase of the MSC certification (a decision is expected in 2003).

Fisheries are affected by many complex environmental and social issues. This has led to MSC certification being contested at virtually every step, causing delays. We were disappointed by the slow progress in independent certification because this inevitably affects our long-term plans. But we accept that conflicts of interest have to be resolved to ensure a proper outcome: dialogue and engagement are the best way to take sustainable fisheries forward.

Executive responsibilities and environmental management

We have an environmental policy that applies to all Unilever companies world-wide.

Our policy sets out our commitment to meet the needs of customers and consumers in an environmentally sound and sustainable manner, through continuous improvements in environmental performance in all our activities.

Our environmental strategy focuses primarily on achieving its goals through eco-efficiency in manufacturing, eco-innovation in our products, and our three sustainability initiatives on agriculture, fish and water.

Furthermore, we intend to give a sharper focus to three areas:

- First, we need to connect better with society on environmental care and ensure that we understand evolving expectations
- Make the most of our eco-manufacturing skills across the wider supply chain, including third-party product suppliers, providers of key raw materials, and transportation
- Ensure that environmental sustainability is firmly embedded in everyday decision making.

To implement our policy and strategy we have a clear line of responsibility for the environment, starting at the top of the company.

The Unilever Chairmen and Executive Committee develop strategic policies for

environmental issues, with overall operational responsibility located in the Foods Division and Home & Personal Care Division. Daily responsibility for management and oversight of environmental issues and policy implementation rests with the local management of the operating companies in the respective countries.

Support to the business is provided by:

The Unilever Environment Group (UEG). This is the strategy and policy-making group that carries the environmental responsibility on behalf of the Board. Chaired by Clive Butler, Corporate Development Director, its role is to ensure that we honour our commitment to contribute to the environmental pillar of sustainable development and to continuously improve our environmental performance. The UEG is made up of individuals from the Divisions / Business Groups and corporate expertise on safety, health, environment and communications.

In 2002, we had four external advisors in the UEG who contribute valuable independent views on our plans and advise on emerging and long-term environmental issues. Advisors meet twice a year as part of the UEG and individually with senior management and scientists.

The advisors in 2002 were:

- Daniel Esty, Director of Yale Centre for Environmental Law and Policy
- Rajendra Pachauri, Director of the Tata Energy Research Institute in India
- Jonathon Porritt, Programme Director of Forum for the Future
- Björn Stigson, President of the World Business Council for Sustainable Development
- Pieter Winsemius, member of the Netherlands' Scientific Council for Government Policy.

In 2002, Rajendra Pachauri was appointed chairman of the Intergovernmental Panel on Climate Change. He has resigned as a Unilever advisor to concentrate on his duties. We congratulate him on his new position.

Safety and Environmental Assurance Centre (SEAC). This is a central technical resource providing expertise and advice on safety and environment matters, such as expert knowledge of hazard analysis and risk assessment for our products and processes. This is also our centre for life cycle assessment.

Management systems

All Unilever companies must comply with the Unilever Framework Standards for occupational health and safety, environmental care and consumer safety, in a manner that recognises, and is consistent with, local legislation.

Our environmental management systems are designed to achieve continuous improvement and are compatible with international standards.

Our Environmental Care Framework Standards require all Unilever operations to establish an environmental management system. The framework is based on the ISO 14001 management systems standard, and is ultimately applicable to all parts of the business. It is supported by specific standards and guidance documents covering areas such as environmental aspects evaluation, incident investigation and audit protocols to assess compliance with the framework standards.

Each site is audited at least once every three years by trained Unilever employees who come from other sites.

Various environmental training courses have been developed and implemented using a “train the trainers” approach. Examples include: a course to implement the framework standards; awareness training for senior managers and operational staff; plus a course for safety, health and environment (SHE) auditors within the Business Groups.

We are committed to eco-efficiency – improving the environmental efficiency of our manufacturing operations, and to incorporating environmental factors in the design and re-design of our products – eco-innovation. We are developing new tools for product developers to assess the environmental impact of products throughout their life cycle.

Working with the Cambridge Programme for Industry and Forum for the Future, we are developing an innovative sustainability learning project to help managers understand the issues and opportunities, particularly in product development and the supply chain.

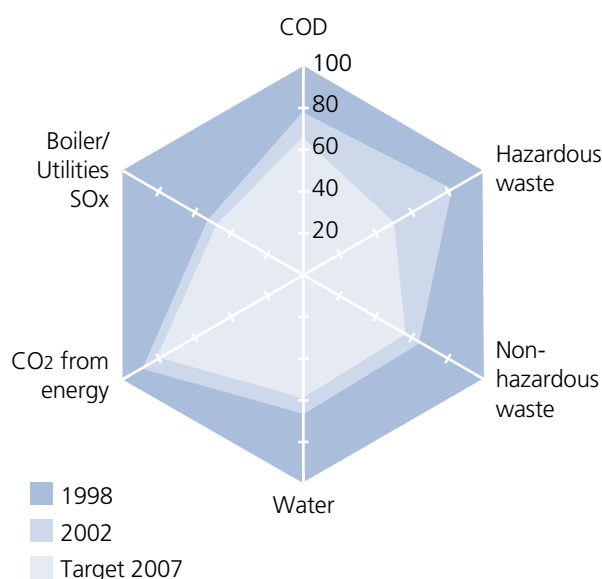
Our target is to have all our lead sites certified to ISO 14001 by the end of 2003. During 2002, a further 23 sites were certified, but 20 certified sites were closed or divested. At the end of 2002 we had 114 certified sites. We are continuing with the certification of individual sites but we are likely to fall short of 100% certification of our lead sites by end 2003. This is largely because of the many changes within our manufacturing network and the need to focus on the implementation of our Environmental Care Framework Standards. In addition to the ongoing site certification programme, we are exploring the possibility of external verification of our Environmental Care Framework Standards against the ISO 14001 standard.

Summary of environmental performance

This is a summary of the environmental performance of our manufacturing sites over the last five years. The graph shows the overall improvement (%) since 1998 and our five-year targets to 2007. The table shows the load per tonne of production for the last five years.

Reduction in load per tonne of production since 1998 and targets for 2007

expressed as % of the 1998 kg / tonne figures



Load per tonne of production 1998-2002

Parameter	Units	1998	1999	2000	2001	2002
Chemical oxygen demand (COD)	kg/tonne	2.96	2.79	2.50	2.33	2.31
Hazardous waste	kg/tonne	0.66	0.62	0.50	0.50	0.55 (0.42)
Non-hazardous waste	kg/tonne	14.86	13.00	12.00	11.26	9.88
Water	m ³ /tonne	6.54	6.06	5.43	5.04	4.29
Energy	GJ/tonne	2.57	2.40	2.27	2.19	2.15
Carbon dioxide (CO ₂) from energy	kg/tonne	217.23	208.14	197.91	198.59	195.17
Boiler/Utilities oxides of sulphur (SO _x)	kg/tonne	0.55	0.45	0.42	0.34	0.29

() Figure without one-off disposal of contaminated soil

Note: This report shows our energy use as well as the resulting CO₂ emissions. Since 1999 we have focused on global warming potential and this is why we include a target for CO₂ from energy.

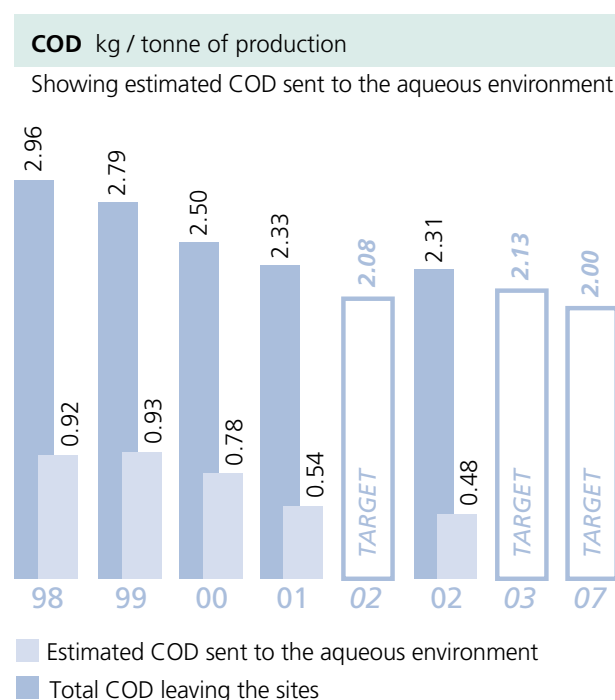
Energy sources account for 93% of our greenhouse gas (GHG) emissions from manufacturing – the remainder is from landfilling biodegradable wastes, aerobic treatment of wastewater and losses of refrigerants.

Environmental performance

Key performance trends

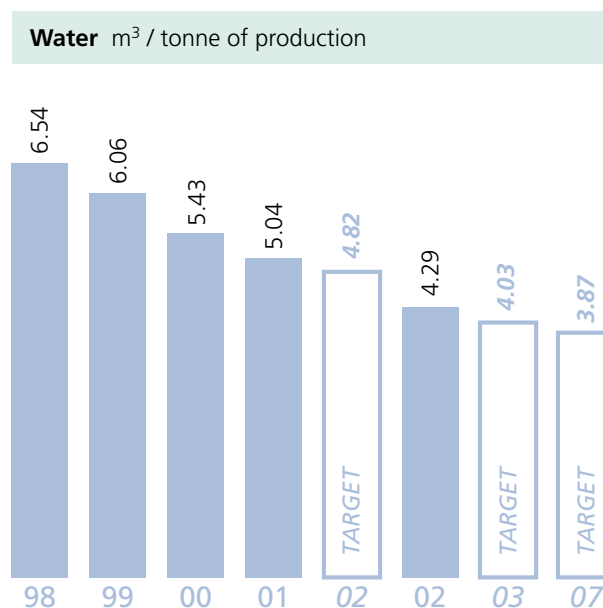
Here are the trends in the key performance indicators of our manufacturing sites up to 2002. For further details on the issues and actions we have taken to reduce our impact, visit the Environment & Society section of our website www.unilever.com. See page 16 for a description of our data parameters.

Unilever manufacturing performance 1998-2002 and targets: reductions in load per tonne of production



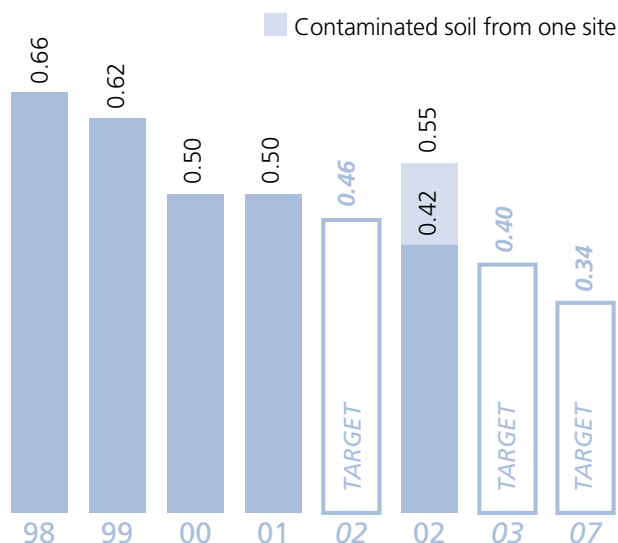
The total COD load per tonne of production decreased by 0.8% in 2002, leaving us short of our target. This was largely because of:

- Improved COD measurement at some of our major sites. Previously, data were estimated from Biochemical Oxygen Demand (BOD) loads or via estimated effluent volumes
- The trend at our sites to use offsite municipal treatment rather than onsite treatment. This leads to a larger quantity of COD leaving the site but is not a measure of the impact on the environment. Over 90% of the total COD load leaving our sites is subsequently treated in municipal works. We estimate that municipal treatment removes 87.5% of the COD from this source, which means the COD discharged to the aqueous environment is much lower than the total COD leaving our sites.



Total water consumption per tonne of production was down by 15% in 2002, exceeding our target. The reduction was due to improvements in the way water is measured and also improvements in water management at two major sites in Brazil and the USA. In addition, a site in the Netherlands that used a large amount of water was closed during 2002. Over half the water used by our factories is not of drinking quality and a large proportion is only used once for cooling and is not contaminated.

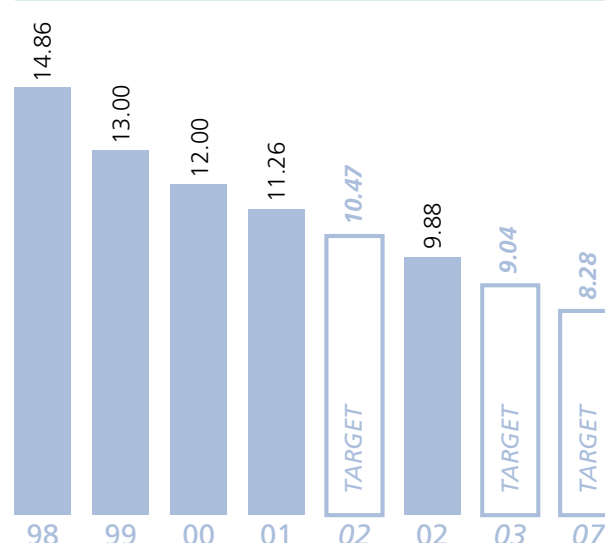
Hazardous waste kg / tonne of production



Note: The chart shows hazardous waste disposed to landfill / incineration (not recycling).

We did not meet our target because of a single disposal of 2,826 tonnes of contaminated soil from a site in Germany. Contamination was caused by the accidental leak of heavy fuel oil from old storage tanks, discovered during rebuilding of a car park.

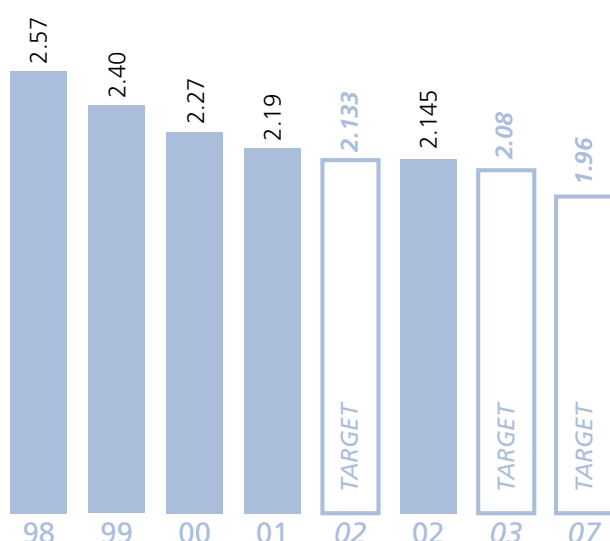
Non-hazardous waste kg / tonne of production



Note: The chart shows non-hazardous waste disposed to landfill / incineration (not recycling).

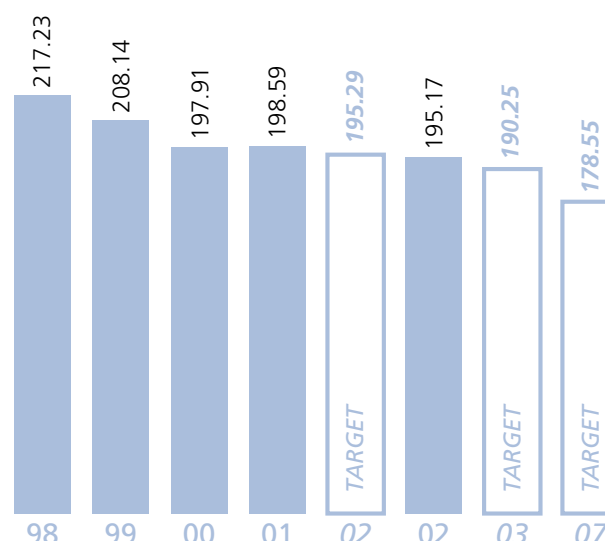
Non-hazardous waste per tonne of production was down by 12.3%, achieving our target. In 2002, 91 sites each reduced their waste by over 1,000 tonnes and a further 74 by more than 100 tonnes each. In 2002, 84.4% of our total waste (non-hazardous and hazardous) was sent for recycling.

Energy GJ / tonne of production

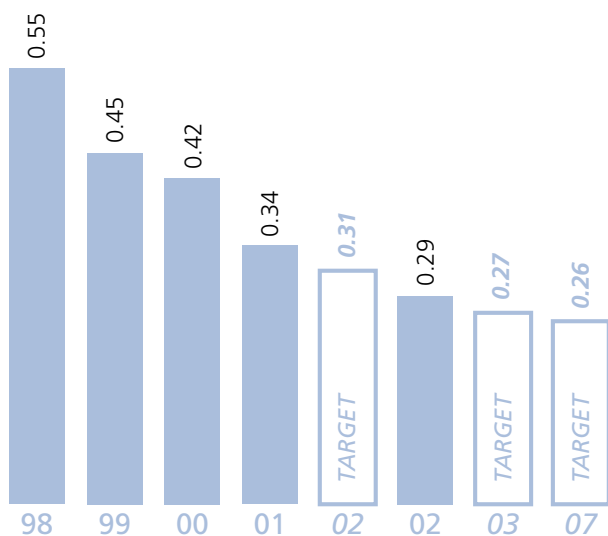


We narrowly missed our energy consumption target by 0.012 GJ / tonne but achieved our target for CO₂ from energy. Many sites significantly reduced their energy consumption in 2002, with 10 sites making reductions of over 10,000 GJ each, and a further 16 over 5,000 GJ each.

CO₂ from energy kg / tonne of production

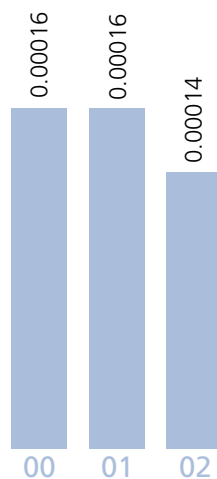


Energy sources account for 93% of the greenhouse gas emissions from our manufacturing sites. In 2002, 9.6% of our total energy consumption was generated from renewable energy. Our sources of renewable energy include wood / biomass from plantations, hydro and wind power.

Boiler / Utilities SOx kg / tonne of production

Our target was exceeded, achieved by using less fuel oil (heavy and light) at our factories. NOx emissions have also declined since 1998 because of lower fuel consumption and the greater use of natural gas (produces less NOx).

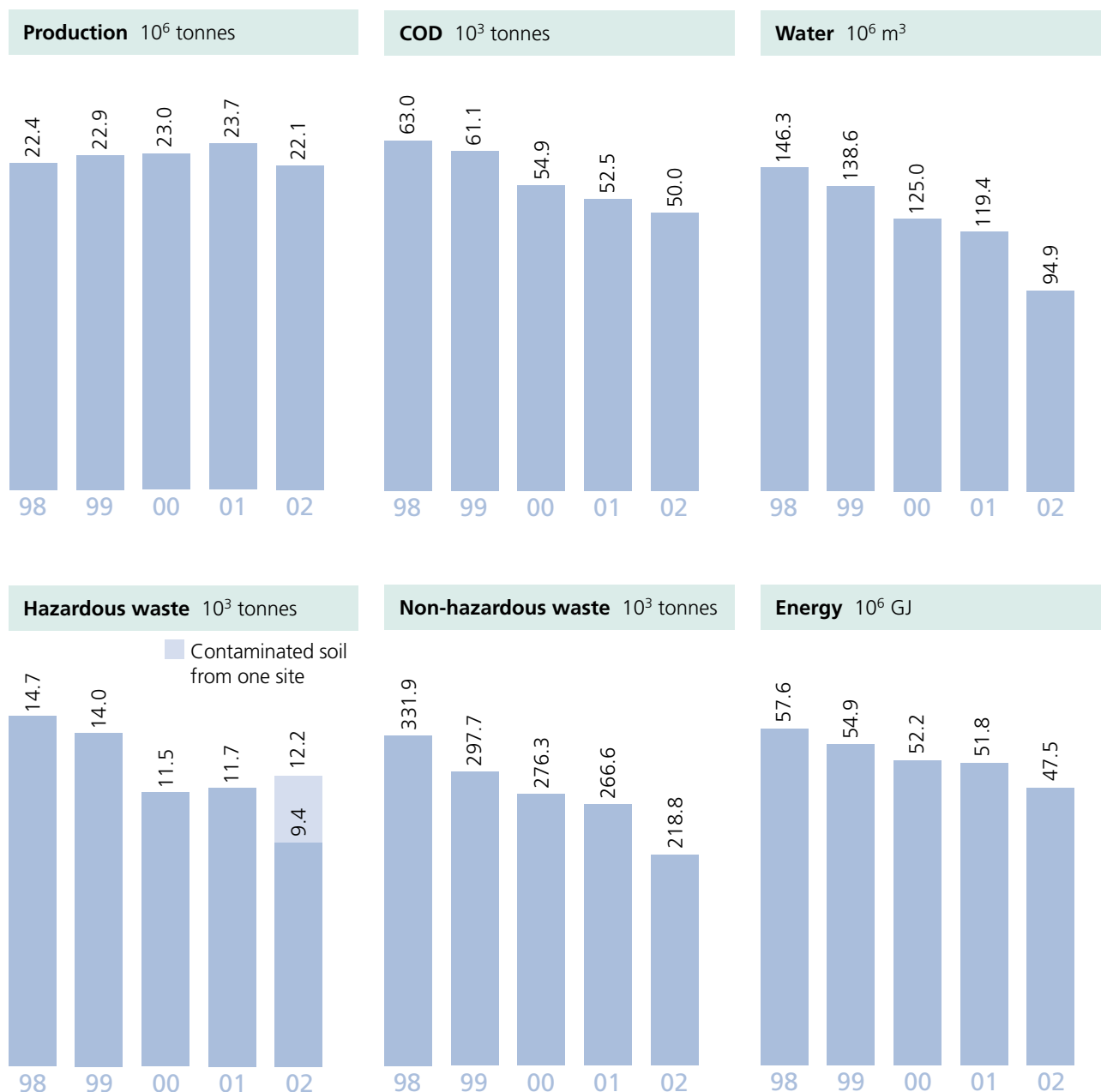
SOx emissions from sulphonation are about 3% of the SOx load emitted from our boilers and are separately reported in the Environment & Society section of our website (see 'Additional data').

Ozone depleting potential kg / tonne of production

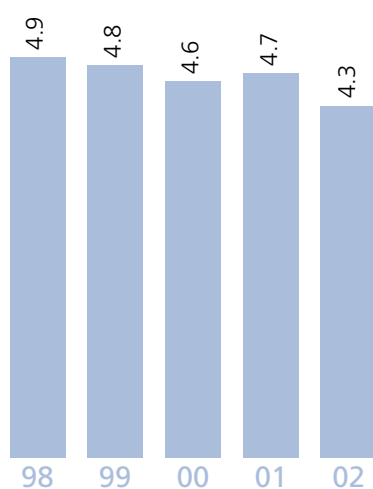
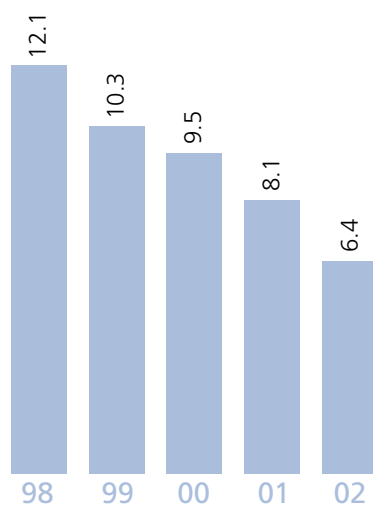
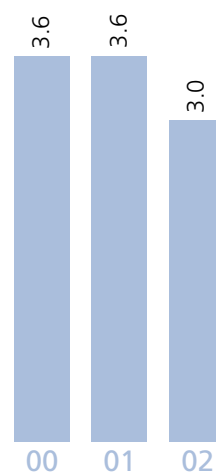
We measure the amount of ozone depleting gases (CFCs, HCFCs and mixtures) in refrigeration and air conditioning systems at our sites, and assess the losses each year. The emissions are expressed as kg CFC-11 equivalent.

Environmental impact

In 2002, the total environmental impact from our manufacturing sites decreased for all our key performance indicators except hazardous waste (caused by a single incident). See notes in charts on pages 11-13 for greater detail.



See next page for CO₂ from energy chart.

CO₂ from energy 10⁶ tonnes**Boiler / Utilities SO_x** 10³ tonnes**Ozone depleting potential** tonnes**Environmental prosecutions and fines**

	Number of sites in Unilever	Number of sites reporting	Number of fines	Total cost of fines (€)
1998	495	473	16	44,020
1999	449	449	2	4,860
2000	435	435	8	45,814
2001	472	464	9	19,222
2002	409	408	2	1,939

This is a summary of penalties incurred for infringement of environmental regulations. The prosecutions and fines cover our manufacturing sites (401) and our corporate head offices and research laboratories (eight). The number of manufacturing sites in Unilever is constantly

changing because of acquisitions, disposals and closures. The two fines in 2002 were due to exceeding regulatory limits for liquid effluent at one manufacturing site. Our aim is to reach 100% compliance.

Data parameters

Seven key environmental performance parameters are used by our manufacturing operations for reporting emissions and setting future reduction targets.

Total COD (Chemical Oxygen Demand, tonnes)

COD represents the ingredients and product lost from our manufacturing processes, and mainly arises during cleaning operations. COD is widely used by regulatory bodies to control industrial wastewaters, and to calculate the correct level of charges for downstream municipal wastewater treatment, which is designed to remove most of the COD before the wastewater is discharged to the environment. The Unilever COD data represent the load discharged from the factory. The data do not make any allowance for the fact that based on individual site data we estimate a further 87.5% of this material is removed in municipal wastewater treatment plants. Consequently the COD load which actually reaches the environment is much lower.

Total water consumption (m³)

Water consumption is also widely used as a measure of manufacturing performance. It is measured in all Unilever's factories. The Unilever data represent all water consumed and include water used as an ingredient in products as well as uncontaminated non-contact cooling water and wastewater.

Total hazardous and non-hazardous waste (tonnes) (Reported separately)

In terms of potential impact on the environment, it is important to distinguish between hazardous and non-hazardous waste. Since there is no common international waste classification, the Unilever data are based on the national legal definitions applicable for each site, and are simply the total mass of material disposed of from the site under each classification. We report recycling data separately in the waste and effluent section of our website.

Total energy consumption (GJ or 10⁹ Joules) and CO₂ from energy use (tonnes)

Energy consumption per tonne of product is widely used as a manufacturing performance indicator. Since 1999 we have focused on global warming potential (in tonnes CO₂) and this is why our targets are expressed in terms of CO₂ from energy as well as energy consumption. The global warming potential has been calculated from the source energy data using internationally accepted conversion factors derived from the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA).

Boiler / Utilities SO_x (tonnes)

This air emission parameter is relevant to most sites since almost all have a boiler used for generating steam. In some cases diesel generators are also used onsite for electricity generation. The Unilever data are calculated from the total mass of fuel consumed, and its sulphur content, and are expressed in terms of a mass of sulphur dioxide (SO₂). Emissions of SO_x contribute to acid rain potential.

Scope and quality of our data

Scope

In 2002, 400 manufacturing sites reported environmental performance data. These were located in 76 different countries. There were 20 new sites reporting. Eighty-one existing sites were sold or closed and most of these did not report. One site (Trituraf in Côte d'Ivoire) did not report owing to civil war.

We also collect data from our corporate head offices and research laboratories (eight sites) on environmental prosecutions and fines (none in 2002).

We do not collect data from third party companies that manufacture or pack our products.

Quality

We continually improve the collection and reporting of environmental performance data via a global electronic system.

Highlights for 2002:

- 99.8% of sites reported environmental data
- 99% of sites reported on all key environmental parameters, apart from COD
- 93.5% of sites reported COD data
- Improved guidance and training was given to the Business Groups for validating and reporting environmental performance data
- Additional reports providing feedback on their performance were available to the business through the further development of the web-based reporting tool.

Progress against targets

Our overall performance generally has been good in improving our eco-efficiency. But setting and achieving targets at site level can be difficult because of the dynamic nature of our business.

For example, about 100 new sites were added after the merger with Bestfoods in 2001 and 45 DiverseyLever sites were divested in 2002. Often there are also significant changes in the mix of products made at our manufacturing sites. This makes target setting difficult, particularly for new sites. We have developed training programmes to further integrate environmental target setting into the overall planning for the sites and Business Groups.

See the notes under the individual charts on the previous pages for the reasons why we did not meet particular targets.

The following three tables summarise our progress against our environmental targets in manufacturing, innovation and sustainable resource use.

Eco-efficiency in manufacturing

Target	Performance	Target reduction 2002 %	Actual reduction 2002 %
COD	Not met	10.71	0.77
Hazardous waste	Not met	8.60	-10.60 (15.17)*
Non-hazardous waste	Target met	7.02	12.26
Water	Target met	4.34	15.00
Energy	Not met	2.38	1.83
CO ₂ from energy	Target met	1.66	1.72
Boiler / Utilities SO _x	Target met	9.68	14.96

*Figure in brackets excludes one-off disposal of contaminated soil.

The minus figure denotes an increase (see page 12 for hazardous waste chart).

Eco-efficiency in innovation

Target	Performance	Comments
To incorporate eco-efficiency in product design by extending the application of life cycle assessment and developing new tools for use by product designers.	On track.	We are using environmental checklists and guidance to design a number of products. New tools are being developed to make life cycle assessments more accessible to product developers.

Sustainable resource use

Target	Performance	Comments
To define standards for sustainable agriculture based on the findings from our lead programmes on peas, spinach, tea, tomatoes and vegetable oil.	On track.	We have published good agricultural practice guidelines for peas, spinach, tea, tomatoes and palm oil and our growers will be encouraged to follow them.
To source all fish from sustainable sources by 2005.	Making progress.	In 2002, we bought more than one third of our fish from sustainable sources (assessed against our internal sustainability criteria, based on the UN Food and Agriculture Organisation's (FAO) Code of Conduct for Responsible Fisheries). Six percent of our total fish purchases were from fisheries certified to Marine Stewardship Council (MSC) standards.
To define our water imprint on a regional and product category basis and use this in developing partnership programmes for clean water stewardship.	On track.	We have completed life cycle assessments of our water use. These show water use differs between our two Divisions. Most of the water used in Foods is in agriculture, whereas most of the water in Home & Personal Care is used by consumers. We continue to work with many partners in support of the more sustainable use of water.

Verifier's statement

Verification Objectives and Scope

URS Verification Ltd (URSVL) was commissioned by Unilever to provide an independent verification of selected environmental data and related claims presented on the Unilever website, www.unilever.com under the Environment & Society section. URSVL has undertaken this verification exercise for Unilever for the third year of a three year programme, considering environmental performance data from each of Unilever's Business Groups.

Key objectives of the verification included the review of:

- implementation and communication of environmental strategies;
- the effectiveness of data collection systems;
- the accuracy of environmental performance data at a sample of sites; and
- environmental aspects of Unilever's sustainable fish initiative.

As a result of these verification activities, URSVL has provided opinions on the accuracy and completeness of:

- Unilever's Environmental Performance Report 2003 (Report on progress and 2002 data); and
- Selected environmental data and related claims present on Unilever's web site ("Environment & Society" section) as of July 2003.

For the purposes of this statement the above sources are hereafter referred to as Unilever's Environmental Performance Report 2003. URSVL has also made suggestions for improvements to Unilever's environmental programme and associated reporting.

Responsibilities of Directors and Verifiers

The information contained in the Environmental Performance Report 2003 is the sole responsibility of the Directors of Unilever. This verification statement represents the independent opinion of URSVL. URSVL was not involved in the preparation of any material included in this report or on Unilever's website.

Verification Method

The approach followed by URSVL is aligned to International Accreditation Forum IAF Guide 66, Guidance to Guide 66-EA-7/02 and EN 45012. These are international frameworks outlining the general requirements for bodies operating independent assessment and certification/registration of environmental management systems. URSVL environmental auditors conducted the verification process following the general principles of environmental auditing and audit procedures as contained within the international standards, ISO 19011. We have also aligned our approach to certain requirements of the Global Reporting Initiative (GRI) and AA1000.

We established a three year sampling strategy in 2001, which has been refined each year through discussion with corporate personnel and the findings from our previous verification works. This year quantitative data from twelve sites (7.9% of global production tonnage) and information on environmental management systems from a further seven sites was verified. The sample was selected based on a combination of business representation, regional representation, high energy and water users, and high production volume. The sample this year included sites from four Business Groups: HPC North America, Foods Latin America, Foods Asia and HPC Europe. We also verified environmental information related to Unilever's sustainable fish initiative.

Our initial focus was on the assessment of Unilever's environmental programme, management systems and data collection systems. On the basis of this investigation and our findings we reviewed the 2003 Environment Report to determine the accuracy and completeness of the information presented in the document.

Opinion

Environmental Programme

Unilever has continued to develop and progress its environmental programme. Achievements of specific note during 2002 include the further development of a new Environmental Strategy for Unilever, based on a critical review of previous performance against business objectives, with areas for improvements identified as a key focus for action. URSVL particularly commends the objective to apply Unilever's skills in eco-efficiency throughout the supply chain.

URSVL also notes the commitment to sustainable fisheries made by Unilever, and would encourage Unilever to continue to work with the value chain to help broader adoption of sustainable fishing practices.

Completeness

URSVL considers that the report text and data relating to environmental performance and management addresses the significant environmental aspects of the business and these have been reported in a fair and balanced manner. We also welcome the trend towards greater transparency as demonstrated by Unilever in their willingness to report openly on the mercury contamination incident in Kodaikanal, India.

We commend Unilever's initiative in commissioning an opinion leader survey which was carried out in 2002. We note that the process of evaluation of stakeholder opinion is emerging and the link to reporting is yet to be clearly established.

We also note that Unilever continues to fully report on prosecutions and fines but a more systematic coverage of incidents would lead to greater transparency.

Accuracy

The environmental performance reporting system is effective, generating data which is generally accurate and reliable. The system is well embedded in most business processes, leading to additional benefits in environmental management at some of the sample sites. This is particularly apparent in those Business Groups which have received data management training.

Overall data accuracy continues to improve and URSVL welcomes the measures that Unilever has implemented following the 2002 report verification recommendations, which have further improved the validation of data at site and business group level.

However, there continue to be minor inefficiencies in the systems or processes used for the collection and

management of data at a number of the sample sites. We noted some minor errors in calculation and one error which was material at a site level and has been subsequently resolved with the revised figure used in the report.

Suggestions for Improvements in Unilever's Environmental Programme

- Guidance and training has led to a demonstrable improvement in data management and should be actively encouraged, particularly with sites new to the environmental programme; and
- Unilever should consider how best to feedback to stakeholders the results of engagement processes.

Suggestions to Improve Future Reporting

- Unilever should consider the reporting of incidents in addition to the report of prosecutions and fines to conform with emerging best practice;

- The new Unilever Environmental Strategy, which includes the objective to apply their eco-manufacturing skills across the wider supply chain, will require consideration of additional performance indicators across all strategy objectives to monitor success.
- A more disciplined approach to evaluating stakeholder opinions would help Unilever be more effective in balancing both stakeholder opinions and Unilever's Strategic objectives.



David Westwood
Director
For and on behalf of URS Verification Ltd
London, July 2003



URSVL has carried out its services by checking samples of data, information and documents which have been made available to URSVL by Unilever. Accordingly, URSVL has not checked or reviewed all of Unilever's data, information and documents. The verification statement provided herein by URSVL is not intended to be used as advice or as the basis for any decisions, including, without limitation, financial or investment decisions.

Unilever's response to verifier's statement

URS Verification Ltd (URSVL) have continued their programme of verifying our environmental performance on a rolling three year basis covering each of our global business areas during this timescale. As the verifiers indicated, they have focused on our environmental strategy, management systems and data collection programme and it is gratifying to see an acknowledgement of the continuing progress we have made in these areas.

URSVL conclude that the report text and data relating to environmental performance and management addresses the significant environmental

aspects of the business and that these have been reported in a fair and balanced manner. In addition URSVL have welcomed our new Environmental Strategy and the trend towards greater transparency shown in our reporting. They have identified areas where we can improve and we will take this on board in our programme for 2003/2004.

With regard to the verifier's suggestions for our environmental programme and future reporting, these will be taken into account in our ongoing work programme.

- We will continue to maintain our performance in data validation and

focus our training activities on new sites through using existing processes and tools

- We will look for opportunities to improve our process for stakeholder engagement and how this inputs into our reporting process
- We will continue to review our approach to incident reporting in line with good practice
- As part of our new Environment Strategy we will identify appropriate performance indicators to monitor successful implementation.

Further details about our environmental activities are available on the Environment & Society section of our website www.unilever.com

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