

A PASSION TO PERFORM

Environmental Report 2003

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Environmental Policy

Reckitt Benckiser is committed to running its business in a responsible, environmentally sound and sustainable manner.

We recognize 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 continual improvement in our environmental performance and progress towards sustainable development objectives.

Throughout our operations we regard compliance with environmental laws and regulations as the minimum standard to be achieved. Our clear intention is that legal requirements are surpassed where reasonably practicable.

Environmental Objectives

- 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

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Note

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

- *Sustainability Reporting Guidelines*, Global Reporting Initiative (GRI), 2002
- *Environmental Reporting General Guidelines*, Department for Environment, Food & Rural Affairs (DEFRA), 2001
- *Environmental, Social and Sustainability Reporting on the World Wide Web: A Guide to Best Practice*, Association of Chartered Certified Accountants (ACCA), 2001
- *BS EN ISO 14031 Environmental Performance Evaluation Guidelines*, 2000
- *Towards a Generally Accepted Framework for Environmental Reporting*, European Federation of Accountants (FEE), 2000

Introduction from Bart Becht, CEO

Our passion is to improve people's lives for that short period of time they use our household cleaning and health & personal care products; with the ultimate purpose of creating shareholder value.

We are passionate people. Not only are we passionate, we like to deliver year in year out. To consistently perform, we firmly believe we need a sustainable business model across all three areas, economic, social and environmental.

This report covers our environmental management and performance in 2003. The human or social dimension of our business model is covered in our first Social Report (available on our corporate web site at www.reckittbenckiser.com) which also details our "cash value added" performance.

Strong growth as we have had generally comes with increased environmental impact. To improve our environmental performance, we continually try to soften the link between economic growth and its environmental consequences. Specifically we seek to improve the environmental performance of our products throughout their life cycle. We do this through optimising resource efficiency, reducing waste and emissions, and through reuse and recycling. To date, most of our efforts are focused on our own manufacturing and research & development facilities, where we can make the most immediate impact on issues under our direct control. We hope, however, to gradually include third party suppliers and ultimately we hope to encourage our customers and consumers to contribute also.

So how did we do in 2003? We made significant progress on virtually all fronts:

- we have now achieved (ahead of schedule) three of the four improvement targets that were set for 2004 across the key performance areas of energy use, greenhouse gas emissions, total waste and hazardous waste
- our global environmental reporting process has been further developed and the level of internal assurance work undertaken throughout this process further increased



Our performance is also increasingly recognised by external indices and assessments:

- we won a place in the Dow Jones Sustainability Index for the first time, with SAM Research who run the assessment process commenting "The successful execution of its sustainability strategy positions Reckitt Benckiser among the leaders of the industry"
- in the second Carbon Disclosure Project (CDP2), organised on behalf of 95 institutional shareholders with assets in excess of \$10 trillion (and who include many shareholders of Reckitt Benckiser), we were assessed as addressing all of the six factors used to evaluate responses

2003 is the last year for which we will issue a stand alone environmental report. Next year we will report on our overall sustainability strategy and performance in a single document, producing our first sustainability report. It is only the beginning of many more years of work to pursue our sustainability vision.

A handwritten signature in black ink, consisting of stylized initials 'B' and 'B'.

Bart Becht
Chief Executive Officer
Reckitt Benckiser plc
November 2004

Key issue summary

This report provides an overview of how we manage our environmental performance and what that performance was in 2003.

Our approach is to investigate the opportunities and manage the risks that arise from the environmental aspects of our operations; whilst seeking to address the environmental impacts of our products throughout their life cycle.

Our aim is to achieve continual improvement in our environmental performance and to progress towards sustainable development objectives.

There has been ongoing development of the Group's environmental management system (EMS) at all levels during 2003.

For example:

- we have established and implemented minimum environmental performance standards (covering legal compliance control, spill response, waste management control, bulk storage facility standards and potentially hazardous material management) for our Group manufacturing facilities
- we have established and implemented new Environmental Reporting Guidelines for site level collation and assurance of the data contained in this report. Key sites have also been audited by an independent consultant, to check their compliance with these new guidelines and the accuracy of the data they reported for 2003. This is in addition to the independent assurance provided by PricewaterhouseCoopers, over energy use and greenhouse gas emissions from energy use data, for manufacturing and research & development facilities (see Independent Assurance Report, page 23)
- seventeen of our 46 manufacturing facilities (37%) are now externally certified to the environmental management system standard ISO 14001

This report provides information on all of Reckitt Benckiser's 46 manufacturing facilities, our five research & development (R&D) centres, and on product transport from our factories to distribution centres and from distribution centres to our customers, for 1st January to 31st December 2003. See Basis of Reporting, page 20, and throughout the text for further information on the scope of this report and the data presented within it.

Our environmental impact per unit of production has been reduced during 2003 in the key performance areas of energy use (by 2%), greenhouse gas emissions (by 2%) and total waste (by 4%), compared to 2002. We have now met and gone beyond our 2004 improvement targets in two of these areas, ahead of schedule, whilst achieving overall reductions of 11% for energy use, 9.6% for greenhouse gas emissions and 20% for total waste, versus our 2000 performance.

Our environmental impact per unit of production in the key performance area of hazardous waste did not reduce in 2003, but increased by 17% compared to 2002; however there were some very specific reasons for this (see Waste, page 13) and we are still performing better than we did in 2001. We have also met and gone beyond our 2004 improvement target for hazardous waste, ahead of schedule, achieving a reduction of 27% overall between 2000 and 2003.

We have been working more extensively with our suppliers and contractors during 2003 to achieve improvements in both product and process environmental management and performance (see Suppliers and Contractors, page 17).

Updated conversion factors published by the relevant bodies and used to calculate elements of the greenhouse gas emission data in this report, and a correction in the calculation of our mosquito coil production volume for one pack size sold in East Asia, mean that some of the data in this report for years 2000-2002 has been restated (see Consistency and Comparability, page 20).

During 2003 we closed four factories and started production at one new site; however these changes have not been significant causes of variation in our environmental performance during the year.

For further information on Reckitt Benckiser and our environmental performance, or if you have any comments on this report, please see the contact details on page 22.

Company overview

Environmental Aspects

Our activities have seven significant environmental aspects:

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

We report on our performance across all of these aspects, and others, in this environmental report.

Reckitt Benckiser is the world No.1 in household cleaning products (excluding laundry detergents) and a leading player in health and personal care. We are a truly global company with operations in 60 countries, sales in 180 countries and net revenues in excess of £3.5 billion.

Our products include many leading brands such as:

Surface Care – Lysol and Harpic

Fabric Care – Vanish, Calgon and Woolite

Dishwashing – Calgonit and Finish

Home Care – Air Wick and Mortein

Health & Personal Care – Dettol, Veet and Gaviscon

The Company also has a successful food business 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. In 2003, we employed on average 20,400 people worldwide.

Financial results

	2002*	2003
	£m	£m
Net Revenues	3,454	3,713
Operating profit	577	679
Profit after tax	408	489
Diluted earnings per share	55.7p	66.2p
Dividend per share	25.5p	28.0p

For the most up-to-date information about Reckitt Benckiser, please visit our web site at

www.reckittbenckiser.com

Vision and strategy

Vision

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 firmly believe that achieving our vision requires a real commitment to running our business in a responsible, environmentally sound and sustainable manner.

Environmental Strategy

Our strategy is to realise the opportunities and manage the risks that arise from the environmental aspects of our operations.

We aim to do this by addressing the environmental impacts of our products throughout their life cycle. This will help us to make progress towards sustainable development objectives.

Responsibility, control and stakeholder engagement

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.

We have a Group Environmental Director responsible for coordinating environmental policy and performance 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 before they are brought to market.

Control

Environmental Management Systems

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

We use a range of Group Environmental Performance Standards to ensure consistent levels of global environmental management and performance. Examples include waste management and legal compliance control standards.

Seventeen of our 46 manufacturing facilities, or 37%, are externally certified to ISO 14001, the international standard for environmental management systems.

Environmental Coordination and Reporting

All of our manufacturing and research & development (R&D) facilities:

- have an Environmental Coordinator, responsible for synchronising site environmental management activities
- report at least annually on their environmental performance and legal compliance, directly to our Group Environmental Director, and in accordance with our Group Environmental Reporting Guidelines.

Internal Audits

We conduct environmental performance reviews of our manufacturing, R&D and logistics facilities, using experienced environmental auditors both from within the Group and from independent consultants.

Environmental Regulatory Compliance

Throughout our operations we regard legal compliance as the minimum standard to be achieved. Our clear intention is that legal requirements are surpassed.

Environmental prosecutions and fines

	Prosecution	Fine
2003	0	2
2002	0	2
2001	0	0

2003 Performance

During 2003 two of our 46 manufacturing facilities received fines from environmental regulators:

- United States: \$5,000 (USD) / £2,780 (GBP) for exceeding a wastewater discharge limit at one site. The cause of the problem has been identified and corrected
- United States: \$4,500 (USD) / £2,500 (GBP) for one site submitting its annual report on industrial alcohol usage later than required

Stakeholder Engagement

Engagement with stakeholders is an important part of our environmental strategy. It allows us to better understand their expectations and determine how we can best meet those expectations in practical terms.

2003 Performance

In 2003 we engaged with all of the six stakeholder groups identified by the UK Business in the Community (BitC) Environmental Engagement index (see www.bitc.org.uk).

For further information on our stakeholder engagement process, see our Social Report 2003, at www.reckittbenckiser.com.

First Social Report

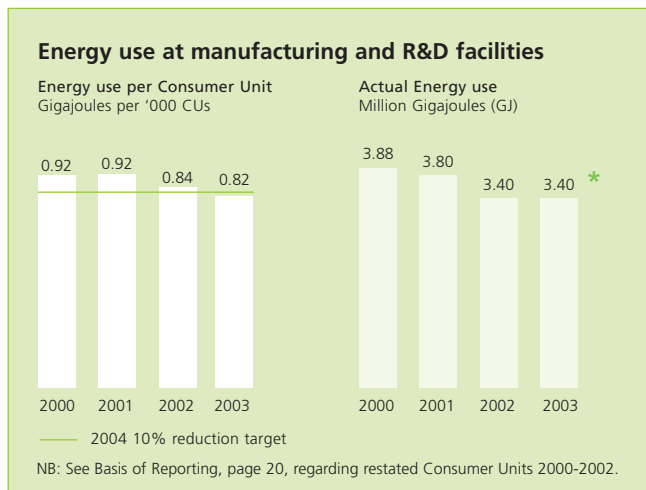
As a result of our stakeholder engagement, in 2004 we have published our first Social Report, to accompany this, our fourth Environmental Report.

Energy use

We use a range of energy sources to power product manufacturing and testing equipment, run support services (e.g. water treatment) and for space heating/cooling and lighting. We are continually looking to minimise our energy use.

Our use of energy impacts 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), reducing the reserves of these natural resources
- burning fossil fuels produces combustion gases, including nitrogen oxides (NOx) and sulphur dioxide (SO₂), which can 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). The relative impact of greenhouse gases is called their global warming potential (GWP), expressed in CO₂ equivalents. See Air Emissions, page 10



2003 Performance

Our global manufacturing and R&D facilities consumed 0.82 Gigajoules (GJ) of energy for every 1,000 Consumer Units (CUs) of production in 2003, and 3.4 million GJ* of energy in total.

In terms of percentage change in energy use per 1,000 Consumer Units:

- we achieved a reduction of 2% during 2003 (compared to 2002)
- overall, we have reduced energy use by 11% between 2000 and 2003

In terms of actual energy use (i.e. not normalised against production volume):

- our energy use was effectively the same in 2003 as it was in 2002 (it increased by 0.25%), although our production level increased by 3%
- overall, we have reduced energy use by 12% (0.48 million Gigajoules) between 2000 and 2003

The reasons for our continued reduction in energy use per Consumer Unit of production during 2003 include:

- improved energy efficiency at our Nowy Dwor facility in Poland; where more efficient, local air compressors have been installed in high-use areas
- energy efficiency projects and programmes across all of our global manufacturing facilities, and specifically in Europe
- the installation of new, more efficient boilers at several locations, including Indonesia

Target Achieved

In 2001 we set ourselves the target of achieving a 10% reduction in global energy consumption, per 1,000 Consumer Units (CUs) of production, by 31st December 2004 (compared to our energy use in 2000). In 2003 we achieved this target. A new target will be announced in 2005.

*this data has been independently assured by PricewaterhouseCoopers LLP (see Independent Assurance Report, page 23).

Raw material use

We use a wide range of raw materials, in addition to energy and water, to make our products.

As part of our Group environmental reporting system we collect data on the top-five raw materials in terms of quantity, by site, at every manufacturing facility globally.

2003 Performance

In 2003 our top-five raw materials (in terms of quantity) across our 46 manufacturing facilities:

- totalled approximately one million metric tonnes, of:
 - hydrocarbons
 - organic matter
 - acids
 - salts
 - minerals
- included approximately 5% of recycled materials from external sources (i.e. materials which were originally generated as unwanted by-products from someone else's production process and are used by us to produce new products). This is an example of eco-efficiency (see Eco-efficiency and Eco-design, page 15); contributing to environmental sustainability by closing the loop between resource use and disposal

We are currently working to:

- **reduce resource use:** through improving product and process efficiencies
- **optimise resource use:** by changing product composition (varying the materials and proportions of materials used to make specific products)
- further confirm with suppliers the extent to which the natural raw materials that we use are obtained in a renewable manner (e.g. through the use of renewable agricultural practices)

The challenge is to make improvements in the environmental footprint of our raw material use whilst ensuring that the quality of our products is not compromised.

We have already been implementing improvement programmes in this area for many years and will continue to do so. An example is the AISE (International Association for Soaps, Detergents and Maintenance Products) Code of Environmental Good Practice; for more information on 'the Code' and its achievements see the AISE web site (www.aise-net.org).

The HERA Project

HERA is a voluntary industry initiative to provide the public and regulators with information on cleaning product ingredients in an open and transparent manner. Our role in HERA is to provide baseline data for the risk assessments and to contribute funding. For more information on HERA (Human and Environmental Risk Assessment on ingredients of household cleaning products) see www.heraproject.com

Water use

We use water to make many of our products; for example liquid detergents under our Woolite brand and stain removers under our Vanish brand. Our aim is to use water efficiently, particularly in areas where its availability is limited.

Water is used both directly within products and indirectly as part of the production process.

Water is also used for cleaning, product testing and for employee consumption.

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 clean water is limited.

In recent years there has been increased consumer demand for liquid-based products in several countries.

For example, the liquid laundry detergent market grew by 80% in Italy and 125% in Spain in the period 1997-2001. Our increased production of liquid products, in response to this consumer demand, has had the effect of increasing our overall water use.

2003 Performance

Our global manufacturing facilities and R&D centres consumed 1.49 m³ of water for every 1,000 Consumer Units (CUs) of production in 2003, and 6.1 million m³ of water in total.

In terms of percentage change in water use per 1,000 Consumer Units:

- our water use increased significantly, by 8%, during 2003 (compared to 2002)
- there was an increase of 9% overall between 2000 and 2003

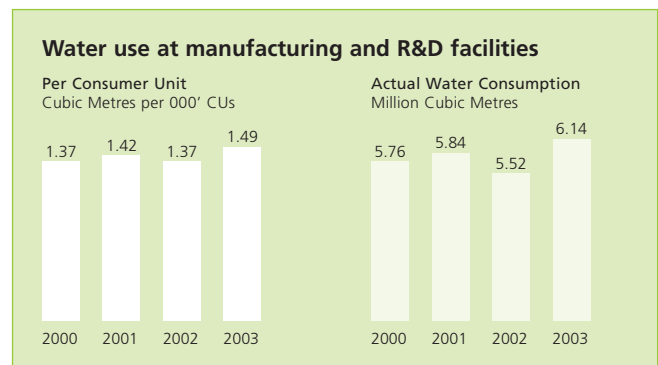
In terms of actual water use (i.e. not normalised against production volume):

- our water use increased by 11% (624,000 cubic meters) during 2003 (compared to 2002)
- there was an increase of 7% (382,000 cubic meters) overall between 2000 and 2003

The reasons for this increase in water use during 2003 include:

- an increase in the volume of liquid detergents we produced and sold globally, in response to increased consumer demand
- installation of new equipment at our Mira factory in Italy, which has 'single pass' cooling systems using water from the local canal; this water is then returned to the canal down stream of our factory. Water is returned to the canal cleaner than it was when we extracted it because we clean the canal water before we use it

About 40% of our global water use takes place at our Mira factory in Italy and most of this water is used for cooling (after which it is returned to the canal)



To better understand and manage our water use we have:

- investigated the relative availability of regional water resources used by our global manufacturing facilities
- reviewed water consumption levels at all manufacturing (and R&D) facilities

This allows us to focus our attention on the locations where greatest benefit can be derived.

We are currently:

- continuing to work on reducing our water consumption per Consumer Unit through process improvement programmes

Air emissions

Atmospheric emissions are directly and indirectly caused by our manufacturing and R&D facilities and by contracted product transport. Our objective is to minimise air emissions as far as reasonably practicable.

Air emissions can contribute to local, regional and global environmental issues. For example:

- volatile organic compounds (VOCs) and nitrogen oxides (NO_x) from industrial processes can contribute to local, low level air pollution
- sulphur oxide (SO_x) emissions from industrial processes can combine with water and other substances in the atmosphere to form acid rain at a regional level
- greenhouse gases such as carbon dioxide (CO₂) and methane (CH₄), released by fossil fuel combustion, are now generally accepted to be responsible for causing global climate change

Direct air emissions arise at our facilities from our use of fossil fuels for power generation, space heating and in site vehicles, and from process emissions. We are not presently reporting on our direct air emissions, except for greenhouse gas emissions from on-site energy use; however, going forward, we plan to review our data collection systems and consider reporting these data in the future.

Our arrangements to reduce direct air emissions and prevent pollution include energy efficiency targets and programmes (see Energy Use, page 7), operational control procedures and air emission control equipment. For example, an energy efficient CHP (combined heat and power) plant which is currently being built at our factory in Mira, Italy, should reduce the greenhouse gases that result from our energy use at Mira, as well as reduce our energy costs there.

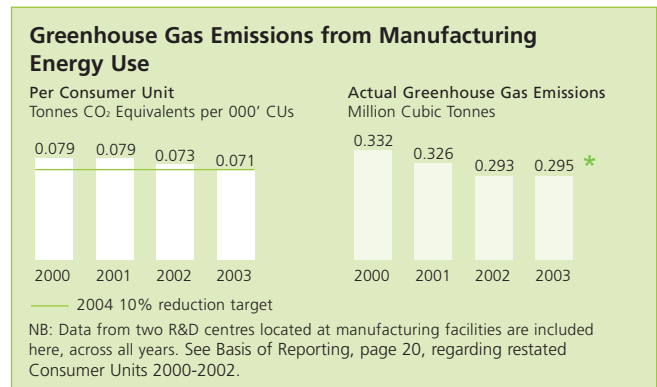
Indirect air emissions come from our use of off-site energy sources generated from fossil fuel combustion (e.g. coal or gas) and from the distribution of finished products by our transport contractors.

We have programmes in place to optimise our energy use and product transportation (see Energy Use, page 7 and Transport and Logistics, page 16).

There have been updates to the conversion factors published by the relevant expert bodies and used by us to calculate elements of the greenhouse gas emissions data presented in this report. After using these updated conversion factors, greenhouse gas emissions data for the years 2000–2002 shown in this report have been restated (see Consistency and Comparability, page 20).

2003 Performance – Manufacturing

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 2003 and 295,000 tonnes of CO₂* equivalent in total.



In terms of percentage change in greenhouse gas emissions per 1,000 Consumer Units:

- we achieved a reduction of 2% during 2003 (compared to 2002)
- overall, we have reduced greenhouse gas emissions by 9.6% between 2000 and 2003

In terms of actual greenhouse gas emissions (i.e. not normalised against production volume):

- we saw a slight increase of 0.7% (2,013 tonnes) due to changes in the energy sources we used during 2003 (compared to 2002)
- overall, we have reduced greenhouse gas emissions by 11% (37,000 tonnes) between 2000 and 2003

The reason for our reduced greenhouse gas emissions is predominantly the overall reduction in our manufacturing facility energy consumption (see Energy Use, page 7).

Future Target

In 2001 we set ourselves the target of achieving a 10% reduction in our emissions of carbon dioxide (CO₂) equivalent greenhouse gases from manufacturing facility energy use, per 1,000 Consumer Units (CUs) of production, by 31st December 2004. In 2003 we reached a reduction of 9.6% and we hope to go beyond the 10% target next year, on schedule.

*this data has been independently assured by PricewaterhouseCoopers LLP (see Independent Assurance Report, page 23).

Air emissions continued

2003 Performance – Transport – Road

Our global contracted road transport of finished products (see Transport and Logistics, page 16) produced greenhouse gas emissions equivalent to approximately 0.049 tonnes of carbon dioxide (CO₂) for every 1,000 Consumer Units (CUs) of production in 2003 and 200,400 tonnes of CO₂ equivalent in total.

This compares to approximately 0.051 tonnes of carbon dioxide (CO₂) for every 1,000 Consumer Units (CUs) of production in 2002 and 206,000 tonnes of CO₂ equivalent in total; which represents a reduction during 2003 of 5.2% per 1,000 Consumer Units (CUs).

Although there continues to be a level of inaccuracy in the road transport data presented in this and our previous environmental reports, due to the use of a number of simplifications and assumptions, the data for 2003 and 2002 presented above are directly comparable. We shall be working to improve these simplifications and assumptions during 2004 and 2005.

2003 Performance – Transport – Deep Sea

Our global contracted deep sea transport of shipping containers (see Transport and Logistics, page 16) produced greenhouse gas emissions equivalent to approximately 0.00091 tonnes of carbon dioxide (CO₂) for every 1,000 Consumer Units (CUs) of production in 2003 and 3,761 tonnes of CO₂ equivalent in total.

There is a level of inaccuracy in the deep sea data presented in this report, due to the use of a number of simplifications and assumptions.

Due to the inaccuracies known to exist in our air emissions data for transportation, we do not currently present our air emissions from manufacturing and transport together in a single graph.

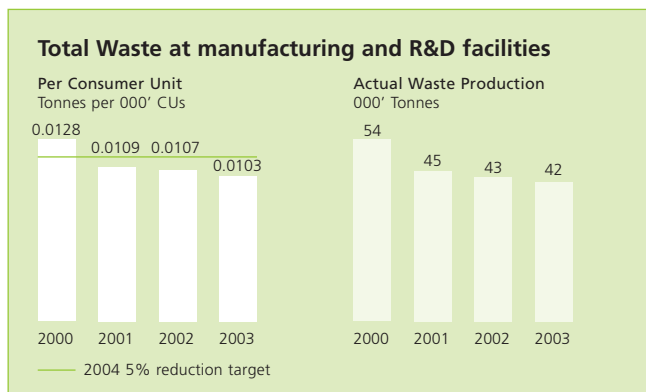
Waste

We are always seeking to reduce waste, including the avoidance of its generation in the first place.

This section reports on all solid and liquid waste (including wastes that are re-used off-site, recycled or sold), but excludes wastewater discharges (see Water Discharges, page 14).

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. Waste minimisation is a key contributor to improving the eco-efficiency of our business.

There are two categories of waste, hazardous and non-hazardous. On this page we report on total waste, including both hazardous and non-hazardous waste. Hazardous waste is reported separately on page 13.



2003 Performance – Total Waste

Our manufacturing and R&D facilities disposed of 0.01 tonnes of waste for every 1,000 Consumer Units (CUs) of production in 2003, and 42,400 tonnes of waste in total.

In terms of percentage change in total waste disposed per 1,000 Consumer Units:

- our waste production decreased by 4% during 2003 (compared to 2002)
- overall, we have reduced waste by 20% between 2000 and 2003

In terms of actual total waste disposed (i.e. not normalised against production volume):

- our waste production decreased by 2% (816 tonnes) during 2003 (compared to 2002)
- overall, we have reduced waste production by 21% (11,400 tonnes) between 2000 and 2003

The reasons for this decrease in waste production during 2003 include:

- more efficient production lines at facilities in several countries
- improved waste segregation at source across a number of sites, including São Paulo in Brazil

Target Achieved

In 2000 we set ourselves the target of achieving a 5% reduction in total waste, per 1,000 Consumer Units (CUs) of production, by 31st December 2004. In 2001 we achieved this target.

Future Target

It is our new target to achieve the re-use or recycling of 65% or more of our total waste, per 1,000 Consumer Units (CUs) of production, by 31st December 2010. Present levels are at approximately 60%.

We shall start reporting in detail on the quantity of waste that is re-used or recycled in 2005.

Waste continued

2003 Performance – Hazardous Waste

Our manufacturing and R&D facilities generated 0.002 tonnes of hazardous waste for every 1,000 Consumer Units (CUs) of production in 2003 and 6,700 tonnes of hazardous waste in total.

In terms of percentage change in hazardous waste generated per 1,000 Consumer Units:

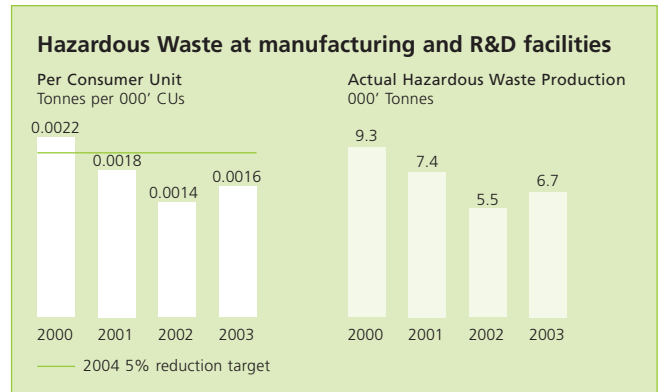
- our hazardous waste production increased by 17% during 2003 (compared to 2002)
- however, overall, we have reduced hazardous waste by 27% between 2000 and 2003

In terms of actual hazardous waste generated (i.e. not normalised against production volume):

- our hazardous waste production increased by 20% (1,130 tonnes) during 2003 (compared to 2002)
- however, overall, we have reduced waste production by 28% (2,650 tonnes) between 2000 and 2003

The reasons for this increase in hazardous waste during 2003 include:

- new definitions of hazardous waste in several countries, which means that a greater proportion of our total waste was classified as hazardous waste in 2003, although the characteristics of the affected waste will not have actually changed
- disposal as waste of non-conforming (i.e. poor quality) raw materials and products, at facilities in Spain and the United Kingdom
- the increased use of production equipment cleaning, rather than in-product preservatives, to ensure product quality and shelf-life; the net result of this, particularly in the short-term, is the increased production of materials legally classified as hazardous waste at several sites



Target Achieved

In 2000 we set ourselves the target of achieving a 5% reduction in hazardous waste, per 1,000 Consumer Units (CUs) of production, by 31st December 2004. In 2001 we achieved this target.

Future Target

It is our new target to achieve the re-use or recycling of 33% or more of our hazardous waste, per 1,000 Consumer Units (CUs) of production, by 31st December 2010. Present levels are at approximately 28%.

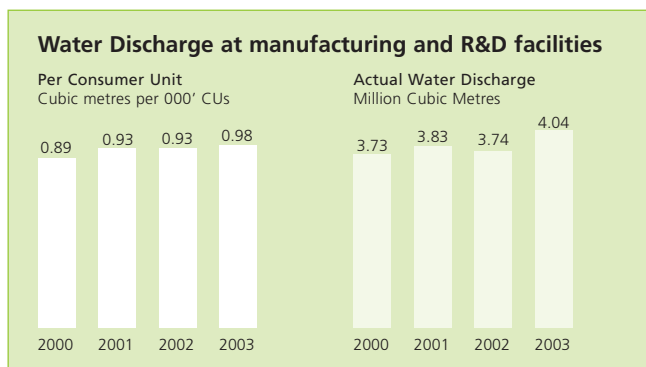
We shall start reporting in detail on the quantity of hazardous waste that is re-used or recycled in 2005.

Water discharges

66% of the water we used in 2003 was released back into water systems, either to public sewers or water bodies. Much of this water was treated on-site, to control its quality, before release.

The remaining 34% of our water use went into our products, was contained in liquid & solid wastes sent off-site (see Waste, page 12), or evaporated from cooling and process systems.

Our facilities are subject to national and local requirements governing how much water they can discharge, where they can release it and what quality limits must be achieved. Each facility is responsible for ensuring that these requirements are met.



2003 Performance

Our global manufacturing and R&D facilities discharged 1m³ of water for every 1,000 Consumer Units (CUs) of production in 2003, and 4 million m³ in total.

In terms of percentage change in water discharges per 1,000 Consumer Units:

- we discharged 5% more water in 2003 than we did in 2002
- overall, we have increased our water discharges by 10% between 2000 and 2003

In terms of actual water discharges (i.e. not normalised against production volume):

- our water discharges increased by 8% (297,000 cubic meters) during 2003 (compared to 2002)
- overall, we have increased discharges by 8% (310,000 cubic meters) between 2000 and 2003

The increase in actual water discharge since 2000 is largely due to:

- additional use of 'single-pass' cooling systems at our factory at Mira, Italy; after which the water is returned to the local canal, cleaner than when we extracted it (see page 9, Water Use)
- greater discharge of water from the cleaning of production equipment, due to reductions in the potency of preservatives that we put in our products (which means better ingredients but more cleaning)

The environmental impact of our water discharges is largely governed by the capability of the receiving water systems to accept our discharges without damage. These capacities vary at a local level and we are careful to meet the discharge limits given to us by the regulatory authorities. In 2003 we were fined once for failing to do this for a short period at a single location (see page 6, Environmental Regulatory Compliance).

We are currently working to reduce our water discharges through process improvement programmes.

Packaging

Packaging comprises all items used for the containment, protection, handling, delivery and presentation of our products. We are particularly active in the minimisation of packaging use.

Primary Packaging

Every Consumer Unit (CU) we sell uses some form of packaging to contain it prior to use (e.g. a bottle, box or bag); this is called sales or primary packaging. Although it fulfils a very necessary and useful purpose, a large volume of primary packaging will be thrown away (i.e. not re-used or recycled) 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 improving and in some countries are quite high, however there is still considerable progress to be made, particularly in terms of plastics recovery and recycling.

PVC packaging (polyvinyl chloride, a commonly used plastic) is an issue of stakeholder concern regarding the 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. Nevertheless, 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 in some cases, this is not presently possible (e.g. due to issues of packaging/product stability). Our ultimate objective is to use no PVC packaging components at all.

Secondary and Tertiary Packaging

Individual Consumer Units are normally grouped together for ease of handling; this is called grouped or secondary packaging. Transport or tertiary packaging is used for, and to prevent damage during, transport and storage.

Packaging Design

We seek to ensure that product packaging is optimised to reduce environmental impacts, by:

- design for recycling (e.g. by minimising the number of different plastics used on an individual product's primary packaging)
- use of wholly or partially recycled packaging materials
- reduction of the material used to produce packaging components (e.g. thinner bottles/caps)
- 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

Eco-efficiency and Eco-design

To contribute effectively to environmental sustainability we need to close the loop between resource use and disposal. We hope to improve resource efficiency at every stage of the product life cycle to prevent/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 include reductions in packaging materials and the use of recycled materials both within our products, where practicable, and in the packaging that we do use for many of our products (see Raw Materials Use, page 8 and Packaging, this page).

Eco-design is the integration of environmental considerations into product design and development with the aim of improving the environmental performance of products throughout their life cycle.

Our overall objective here is to decouple our economic growth from our environmental impact.

Transport and logistics

We use transport contractors to move finished products by road, rail and sea from manufacturing facilities to distribution centres and from distribution centres to our customers.

We are, with our transport contractors, constantly looking for ways to improve transport efficiency by optimising routes and fitting a greater number of Consumer Units (CUs) into a single road trailer/rail wagon/sea container.

The environmental impacts of our transport are mostly associated with the use of fossil fuels (see Energy Use, page 7 and Air Emissions, page 10). Other less quantifiable impacts include contribution to traffic congestion and local noise.

2003 Performance

Road Transport

In 2003 our global transport contractors travelled approximately 183 million kilometres (114 million miles) by road, taking products from our manufacturing facilities to distribution centres and from distribution centres to customers; this compares to about 191 million kilometres (119 million miles) in 2002; suggesting an overall reduction of about 4.5%.

Deep Sea Transport

In 2003 the volume of product we transported by deep sea (i.e. in containers by large, deep sea ships) was approximately 537 million tonne-kilometres (a function of tonnage transported and distance travelled). We do not have directly comparable data for deep sea transport in 2002.

Transport Data Accuracy

We know this data is not wholly accurate, because - due to the very high complexity of global logistics - we have to make a number of basic assumptions at quite a high level. However, we are confident that the trend shown by the road transport data above is correct, because we have calculated the 2002 and 2003 data in exactly the same way, using the same assumptions and conversion factors.

We have continued to improve the transport data that we collect every year, and shall continue to do so.

European Transport Optimisation Programme, 2003 - 2004

During 2003 we started to implement a new programme to optimise our use of transportation in Europe; components of this ongoing initiative include:

- seeking opportunities to end "empty running", with other fast moving consumer goods (FMCG) companies. For example, if we need to deliver products from a factory in Germany to Spain, and another company needs to deliver products from Spain to Germany, we combine these needs so that going out a truck will be carrying our products and coming back theirs; we both save money and one truck can be taken off the road
- LTL (Less than a Truck Load) groupage; in which we work with other companies to consolidate our shipments of less than a truck load into a single truck
- a strategy of modal shift, whereby we move freight from one mode of transport (road) to non-road alternatives (e.g. rail, inland waterway, and short sea); multi-modal transport is the use of more than one transport mode during an overall freight journey. For example, we take products from our Nowy Dwor factory in Poland by road to the port of Gdansk, ship them using short sea vessels to the UK, and on arrival in the UK they go back onto the road again. We do the same thing moving products from our Derby factory in the UK to Belgium and the Netherlands

The benefits:

- fewer trucks on the road across Europe, particularly on the congested cross-channel route
- reduced climate change emissions
- lower costs

Suppliers and contractors

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

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

Engagement with Suppliers

A number of our products are wholly or partially produced by third-party suppliers to improve speed to market, use expert knowledge outside Reckitt Benckiser, meet peaks in customer demand and optimise production costs.

We have an Environmental Supply Chain Programme to integrate environmental factors into our relationships with key suppliers. Our approach is to assess suppliers in terms of the anticipated environmental impacts, risks and opportunities of our interactions with them and to prioritise our engagement on this basis.

During 2004 we have been rolling-out a new Global Manufacturing Standard that includes minimum environmental management requirements for all of our third-party manufacturers globally, along with requirements in the areas of human rights at work, working conditions and health & safety at work.

We shall report progress on this in 2005.

What we are doing:

- as a normal part of our quality management processes we conduct audits of our suppliers (particularly third-party manufacturers) for product quality/safety purposes; environmental and health & safety issues are integrated into these audits
- environmental issues are being integrated into our product development process. This includes the selection of raw materials, components and third-party product/component suppliers
- in 2003 we piloted a limited supplier environmental screening process
- X-Trim (our supply chain cost-optimisation programme) and Squeeze (our product cost optimisation programme) both continue to include initiatives that involve working with suppliers to achieve both cost and environmental performance improvements

Engagement with Contractors

A wide-range of third-party contractors are employed at our manufacturing, R&D and office facilities for a variety of non-core and specialist tasks, from cleaning and electrical work to construction, chemical management and waste management.

The environmental (and health & safety) management of contractors working at our facilities is controlled at a local level as part of established environmental (and health & safety) management systems.

Future target

We shall start to formally collect information on the environmental impact of our key third-party suppliers, who make products on our behalf, during 2004 and 2005.

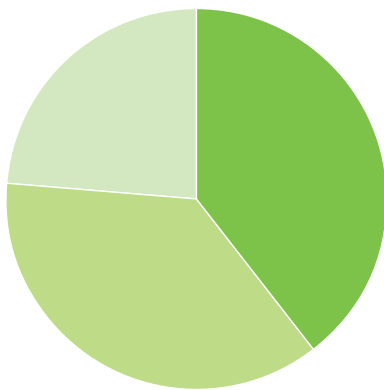
Land use and biodiversity

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, to preserve its value for the future and to prevent any potential liabilities arising from our use of it.

Land under Management

The total land area occupied by Reckitt Benckiser manufacturing and R&D centres in 2003 was 3.8 million m² (3,840 km²).

Composition of manufacturing facility and R&D centre land area



Hard standing areas (e.g. roads and parking)
1.5 million m² / 1,470 km²

Green areas (e.g. gardens and grass)
1.4 million m² / 1,420 km²

Buildings
0.9 million m² / 950 km²

Biodiversity

There is increasing interest 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 understand and manage their impacts on biodiversity in a structured way and in line with wider conservation objectives.

We have:

- established a Company Biodiversity Action Plan, including objectives and targets, which is publicly available on our web site at www.reckittbenckiser.com
- included the review of land condition, land contamination risk and biodiversity impact into our internal environmental audit programme

We are actively progressing with our Biodiversity Action Plan.

Most of our facilities do not have areas of natural or semi-natural vegetation that can specifically support rare or protected species of plants or animals. Nevertheless, we have already taken steps to identify any such species that may exist so that we can manage relevant areas appropriately.

Product use and disposal

Life Cycle Management

We seek to implement a life cycle management (LCM) approach to our products and processes. By 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 continual improvement in the environmental sustainability of both individual products and our business as a whole.

Working with our suppliers is a key element of this approach (see Suppliers and Contractors, page 17).

Life cycle studies indicate that the greatest environmental impacts of some consumer products can occur during their use and disposal. This is particularly true of products that are used in domestic appliances using electricity and water.

Life Cycle Case Study

In 2003 we performed a Life Cycle Inventory (LCI) on one of our automatic dishwasher tablet brands, to assess the overall environmental impact throughout its life, from raw material extraction to use and disposal.

The work was conducted as an internal study and as such has not been subject to external peer review; however, whilst all life cycle inventories contain a range of assumptions, we are confident that the overall results are representative.

Finish Powerball 3in1 Dishwasher Tablet

The study looked at the impacts associated with a single Finish Powerball 3in1 dishwasher tablet, sold in the United Kingdom in a box of 32 tablets.



Consumer use was modelled on an average dishwasher as currently on the market, with a standard wash setting using 16 litres of water and 1.05 kwh of electricity for a full wash cycle.

The LCI found that 89% of energy use (and associated carbon dioxide (global warming) emissions) results from the consumer use phase of the Powerball 3in1 life cycle, with 8.5% associated with extraction and production of raw materials and only 1.5% occurring during tablet production.

Life Cycle Inventory Results for the production and use of a Finish Powerball 3in1 dishwasher tablet

Energy use per tablet

Raw Material Production	8.5%
Tablet Production	1.5%
Product Distribution	0.5%
Consumer Use	89%
Disposal at WWTP	0.5%

The clear message from this study is that consumer behaviour (e.g. how often consumers use their dishwasher / how full it is filled for each load, and choice of more energy efficient wash programmes and dishwashing machines), and increases in the proportion of electricity generation that comes from renewable sources, can have a significant impact on the carbon dioxide emissions associated with an automatic dishwashing tablet.

The AISE Code of Environmental Good Practice and Washright Campaign (see www.aise-net.org) are examples of how the detergent industry as a whole is trying to influence consumer behaviour to reduce the environmental impact of using our products.

Basis of reporting

Scope and Completeness

This report provides information on the following facilities of Reckitt Benckiser Group companies as at 31.12.2003:

- all of our 46 operational manufacturing facilities
- our five Research & Development (R&D) centres

for the period 1st January – 31st December 2003.

It also provides information on product transportation from our factories to distribution centres and from distribution centres to customers, 1st January – 31st December 2003.

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

The specific scope of the individual parameters we report on are stated in the graphs themselves and/or notes in the text, on pages 7 to 18.

Performance per Consumer Unit (CU): performance data is normalised against Consumer Unit production volume, which allows direct comparison of our performance from year to year regardless of changes in production volume or from facility purchase / sale / closure.

Actual Performance: non-normalised 'actual performance' data is also provided, in line with best practice, and shows our actual environmental performance without consideration of our productivity.

Consistency and Comparability

The evolution of the scope of the annual performance data contained in this report is shown in the table below.

Improvements in historical data as presented in previous environmental reports: we have made the following material improvements in data for the years 2000-2002 contained in this report, in comparison to the data presented in our previous environmental reports:

- we have used updated (year 2000) national emission factors for calculating greenhouse gas emissions from electricity use; this has had the effect of increasing our greenhouse gas emissions from manufacturing energy use for the years 2000, 2001 and 2002 by 5.4%, 5% and 5.7% respectively.
- we have amended Consumer Unit production data for our mosquito coil manufacturing facilities in Indonesia and Malaysia for the years 2000-2002, to correct previous inaccuracies in how these numbers were calculated; this has had the effect of decreasing our global production levels in 2000, 2001 and 2002 by 3.3%, 4.6% and 5.5% respectively.
- we have taken account of DEFRA's (the UK Department for Environment, Food and Rural Affairs) revision of its road transport fuel rates; this has caused a 14.3% increase in global warming potential for road transport across all years reported.

Year	Operational factories providing data (%)	R&D centres providing data (%)	Comments
2003	46 (100%)	5 (100%)	1 new factory reporting for the first time; 4 factories closed.
2002	49 (100%)	5 (100%)	1 factory sold; 2 factories closed.
2001	52 (100%)	5 (100%)	all R&D centres included; 1 factory closed; 1 factory bought in 2001 reporting for the first time.
2000	52 (100%)	2 (40%)	only R&D centres within factory sites included.

NB: We account for facilities over which we have control as at 31st December of the relevant year

Basis of reporting continued

There is a degree of uncertainty regarding Consumer Unit (CU) production volumes at several sites, due to differing assumptions used to calculate CU data from year to year, to address differences in production mix etc. We are seeking to address this issue by more fully understanding all the factors at work, to further improve the quality of our data.

Reliability and Accuracy

We have sought to ensure the reliability and accuracy of the data and information presented in this report through the use of a global environmental reporting system, including:

- formal Environmental Reporting Guidelines as to how facilities should complete our annual Environmental Reporting form; a copy of these is available to interested parties on request (see Contact page 22)
- the formal sign-off by both technical and management personnel at every site as to the accuracy (to the best of their knowledge) of the data and information submitted
- the central checking, querying and aggregation of site-level data by an independent environmental consultant, including site-level audits at key facilities and significant variance analysis and querying
- internal review and querying of site-level and Group-level results and independent testing of the central aggregation process

Nevertheless, site-level data from which Group data is aggregated will always be subject to a degree of uncertainty due to the scope for practical limitations in interpretation, measurement and calculation and the national differences in both common and regulatory definitions.

Greenhouse Gas Emissions: data on our greenhouse gas emissions presented on pages 4, 10 and 11 was calculated in line with and using conversion factors from the *GHG Protocol Corporate Accounting and Reporting Standard (World Resources Institute / World Business Council for Sustainable Development, 2004)*; except that we have additionally taken account of the global warming potential of methane and nitrous oxide emissions from energy use, in line with the Intergovernmental Panel on Climate Change (IPCC) *Guidelines for National Greenhouse Gas Inventories, 1996*.

Independent Assurance

PricewaterhouseCoopers LLP (PwC) has provided independent assurance over energy use data from manufacturing and research & development sites, and greenhouse gas (GHG) emissions arising from energy use data at manufacturing sites, disclosed within this Environmental Report on pages 7 and 10 (see page 23 for their Independent Assurance Report).

PwC also provided an independent review of our three previous environmental reports (2000, 2001 and 2002) which can be found on our corporate web site at:

www.reckittbenckiser.com

The independent assurance provided this year over energy use and GHG emissions from energy use data represents a higher level of assurance than provided in PwC's independent reviews in previous years.

The independent assurance process undertaken this year aims to assess whether selected data subject to assurance is free from material misstatement and subsequently the level of work required was more extensive and involved substantive testing of controls and data at a representative number of our manufacturing sites.

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.

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.).

Customers

the companies to whom we sell our products.

Environment

surroundings; including air, water, land, natural resources, flora, fauna, humans and their interactions.

Environmental Aspect

an element of an organisation's activities, products or services that can interact with the environment to cause an environmental impact.

Environmental Performance

level of environmental impact, particularly over time.

Environmental Risk

the Association of British Insurers (ABI) defines risk as meaning uncertainty generally; it follows that environmental risks are environmental uncertainties, including both potential threats and potential opportunities.

Stakeholders

those individuals or groups that affect and / or are affected by the Company and its activities.

Stakeholder Engagement

the process of interacting constructively with stakeholder groups.

Sustainability

the capacity for continuance into the long-term future; economically, socially and environmentally. It embodies the concept of balancing short-term and long-term benefits.

Contact

For further information on Reckitt Benckiser's products, financial performance and corporate responsibility position 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 or queries on this report, please contact:



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To: The Executive Committee of Reckitt Benckiser plc

Introduction

We have been asked to provide assurance on selected data related to energy consumption and Greenhouse Gas ("GHG") emissions arising from energy consumption during the year ended 31st December 2003 which is indicated by [*] in Reckitt Benckiser's Environmental Report 2003 ("the Report"). Reckitt Benckiser's Executive Committee is solely responsible for the contents of the Report. Our responsibility is to express an opinion on the selected data based on the scope of work and the terms agreed with Reckitt Benckiser. The work described below has been carried out solely for Reckitt Benckiser's Executive Committee and was not planned in contemplation of any third party relying on it. Accordingly, PricewaterhouseCoopers LLP (PwC) will accept no responsibility for the use or interpretation of the results of its work by any third parties.

Basis of opinion

There are no generally accepted international environmental reporting standards. This engagement was conducted in accordance with the International Standards for Assurance Engagements. We planned and carried out our work to provide reasonable, rather than absolute, assurance on the reliability of the selected data that were subject to assurance. We believe our work provides a reasonable basis for our opinion.

Assurance work performed

We provided assurance over energy use and greenhouse gas emissions data related to energy consumption for manufacturing and R&D sites from Reckitt Benckiser Group's ("the Group") global operations as shown by [*] on pages 7 and 10 of the Report for the year ending 31st December 2003. We obtained an understanding of the systems used to generate, aggregate and report the data for energy and GHG emissions related to energy use at Group and site level. We assessed the completeness and accuracy of energy use and associated GHG emissions data reported in respect of 2003 by visiting selected manufacturing sites to review systems and test data. We also tested the calculations made at Group level regarding energy use and GHG emissions data.

We have read the other information on pages 7 and 10 of the Report and considered whether they contain any material inconsistencies based on the work we have performed.

Considerations and limitations

It is important to read the selected data in the context of the basis of reporting provided by Reckitt Benckiser, as set out on pages 20 and 21. Environmental data and assertions are subject to more inherent limitations than financial data, given both their nature and the methods used for determination, calculation and estimation.

Our assurance scope is limited to those specific matters mentioned in our opinion below. We have not provided assurance over the contents of the entire Report, nor have we undertaken work to confirm that all relevant issues are included or that the report provides a balanced view of Reckitt Benckiser's environmental impact. In addition, we have not performed an audit on historic (i.e. prior to 2003) and future environmental data and other projections and targets, and accordingly no opinion is given in respect of them.

Opinion

On the basis of our work, we have reported to Group management that in our opinion the 2003 selected data indicated by [*] on pages 7 and 10 for energy use and GHG emissions arising from energy use, properly reflect the performance of Reckitt Benckiser's manufacturing and R&D sites for these data parameters.



November 2004

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