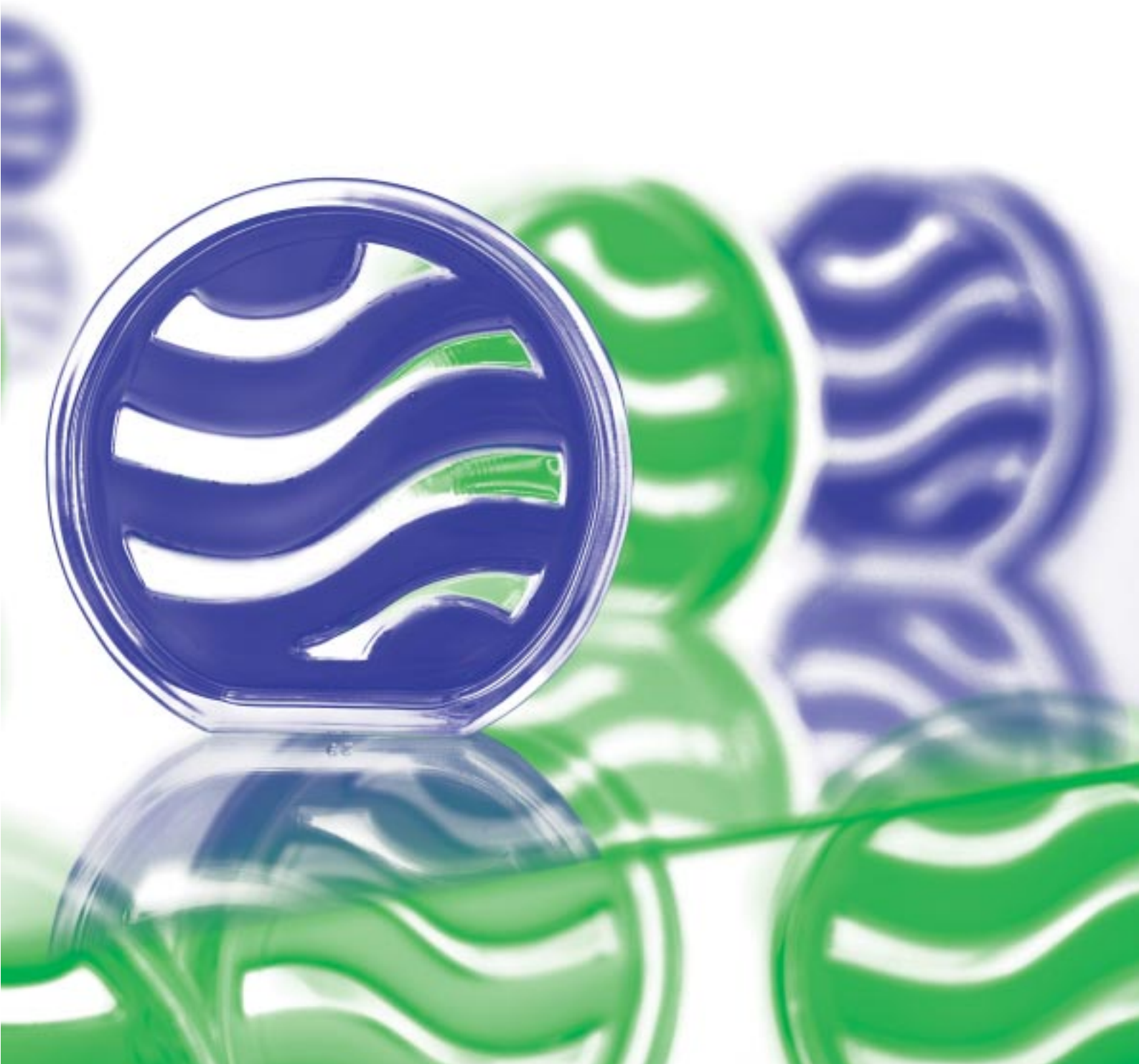


Sustainable growth

Environmental Report 2002



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Note

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

- Association of Chartered Certified Accountants (ACCA) environmental reporting criteria, ACCA web site 2003
- Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, 2002
- UK Government Environmental Reporting General Guidelines, Department for Environment, Food & Rural Affairs (DEFRA), 2001
- Association of Chartered Certified Accountants (ACCA) Environmental, Social and Sustainability Reporting on the World Wide Web: A Guide to Best Practice, 2001
- Association of British Insurers (ABI) Exposure Guidelines on Social Responsibility, 2001
- BS EN ISO 14031 Environmental Performance Evaluation Guidelines, 2000
- European Federation of Accountants (FEE) Towards a Generally Accepted Framework for Environmental Reporting, 2000

Introduction from Bart Becht, CEO



At Reckitt Benckiser, we firmly believe that achieving our vision of delivering better consumer solutions and long term shareholder value requires a real commitment to running our business in a responsible, environmentally sound and sustainable manner.

During 2002 we have made significant progress in improving our environmental management and performance:

- we have improved our ability to realise environmental opportunities and manage environmental risks through ongoing development of our Group environmental management system. For example, Group Environmental Performance Standards have been established to provide minimum levels of environmental control globally
- we made substantial improvements in 2002 across our four key performance indicators of energy use, greenhouse gas emissions, total waste and hazardous waste. Reductions in manufacturing energy use and greenhouse gas emissions have been particularly good
- our performance in external indices has been encouraging. We were ranked first in our sector (2001: third) and 29th (2001: 58th) out of the eighty-five FTSE 100 companies taking part in the UK Business in the Environment (BiE) Index of Corporate Environmental Engagement

We are committed to sustainable growth not only across the economic dimension of our business but across the environmental and human dimensions also.

Since the merger of Reckitt & Colman and Benckiser in 1999 we have implemented management systems to drive improvement in all three of these areas.

The Company's financial performance has shown consistent growth. It is driven by the strength and ongoing development of our people and supported by our commitment to the environment and the communities in which we operate.

Our community newsletters, available at www.reckittbenckiser.com provide examples of our involvement in social improvement initiatives relevant to our activities. We intend to start reporting on human capital issues within the next twelve months.

I would like to thank those people in Reckitt Benckiser who have played a part in improving our environmental management and performance in 2002.

While we are pleased with what has been done so far it is only the beginning of what we hope to achieve.

A handwritten signature in black ink, appearing to be 'B. Becht'.

Bart Becht
Chief Executive Officer
Reckitt Benckiser plc
June 2003

Key issue summary

This report provides an overview of how we manage our environmental performance and what that performance was in 2002.

Our aim is to realise the opportunities and manage the risks that arise from the environmental aspects of our operations, by addressing the environmental impacts of our products throughout their life cycle.

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

For example:

- we have established a range of Group Environmental Performance Standards to ensure minimum levels of, and drive improvement towards, best practice in global environmental management and performance
- sixteen of our 49 manufacturing facilities (33 %) are now externally certified to the international EMS standard ISO 14001; this equates to approximately 50 % of net revenue coming from ISO 14001 certified sites (excluding products manufactured by third party suppliers)

All targets for improving our environmental management, measurement and control due for completion by end of December 2002 have been met. These were reported on in our 2001 environmental report which is available at www.reckittbenckiser.com

Our environmental impact has been reduced in the key performance areas of energy use, greenhouse gas emissions, total waste and hazardous waste:

- improvement towards our targets for energy use and greenhouse gas emissions was particularly good during 2002 due to a range of energy efficiency programmes
- we have already exceeded our 2004 targets for reductions in total waste and hazardous waste; we shall be establishing new targets for waste within the next 12 months, following more extensive analysis of past trends and future projections

We show both actual and normalised environmental performance in this report. Due to a slight decrease in production levels at our own manufacturing facilities, the actual environmental performance improvement of those facilities is better than their performance improvement

when it is normalised against production. The slight reduction in our own production has been more than offset by increases in the number of Reckitt Benckiser products manufactured by third party suppliers.

We are looking increasingly to work with our suppliers and contractors to achieve improvements in both product and process environmental performance, for example:

- the Project Compact case study featured in this report shows how successful such joint initiatives can be
- we are currently testing a supplier environmental screening process as part of a new product development project

During 2002 we sold our manufacturing facility in Durban, South Africa to a third party supplier and closed our manufacturing facilities at Eperon, France and Borg el Arab, Egypt. These changes have contributed to the reductions in energy use, water use, greenhouse gas emissions and waste that have been achieved during 2002 (compared to 2001 performance).

We continue to improve our environmental reporting system each year. For our next environmental report, due in June 2004, we shall:

- establish and implement a global Environmental Performance Standard for site level collation and review of environmental data reported to Group. This will build upon the Reporting Guidelines that we have used to date and the observations made by PricewaterhouseCoopers in their Independent Review of certain parameters in this report (see page 28)
- make further improvements in the quality and comparability of product transport data, where there is currently a degree of inaccuracy

This report provides information on all of Reckitt Benckiser's 49 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 the period 1st January to 31st December 2002.

Company overview

Reckitt Benckiser is the world's No.1 in household cleaning products (excluding laundry detergents) and a leading player in health and personal care. We are a global company with a consumer-oriented vision, operations in 60 countries, sales in 180 countries and net revenues in excess of £3.5 billion/\$5.7 billion.

Our core categories 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. Since the merger, the Company has shown consistent growth well ahead of the industry. In 2002, we employed on average 22,300 people worldwide.

Financial results

* normalised, as reported in 2001

	2001*	2002
	£m	£m
Net Revenues	3,439	3,531
Operating profit	525	577
Profit after tax	340	408
Diluted earnings per share	47.1p	55.7p

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

Reckitt Benckiser has 49 factories and five R&D centres in 30 countries



● Facility location

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.

We are committed to sustainable growth not just across the economic dimension of our business but across the environmental and human dimensions also.

Strategy

Our strategy is to realise the opportunities and manage the risks that arise from the environmental aspects of our operations; to provide sustainable shareholder value through continuous improvements in our environmental performance and progress towards sustainable development objectives. We will do this by addressing the environmental impacts of our products throughout their life cycle.

This requires us to:

- identify, understand, control and communicate environmental impacts, risks and opportunities on an ongoing basis, at all levels from our Group operations to individual facilities
- work with our suppliers and contractors to improve the environmental performance of our products and processes
- engage with our internal and external stakeholders on environmental issues

We are currently proactive in all of these areas.

Policy and objectives

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

We recognise that our processes and products have both direct and indirect environmental impacts. We will seek to identify adverse impacts and find effective ways of reducing them, aiming for continuous improvements in our environmental performance and progress towards sustainable development objectives.

Throughout our operations we will regard compliance with the law as a minimum standard to be achieved.

Environmental Policy and Objectives
Issue 2, November 2001

Environmental Objectives

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

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

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

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.

This responsibility is delegated operationally through the Executive Committee, down through each business unit, to individual operating companies and facilities. For example, the Director/Manager of each manufacturing facility has overall responsibility for its environmental performance, which in turn is delegated to relevant parts of a site's organisational structure.

We have a global Environmental Director responsible for co-ordinating environmental management 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.

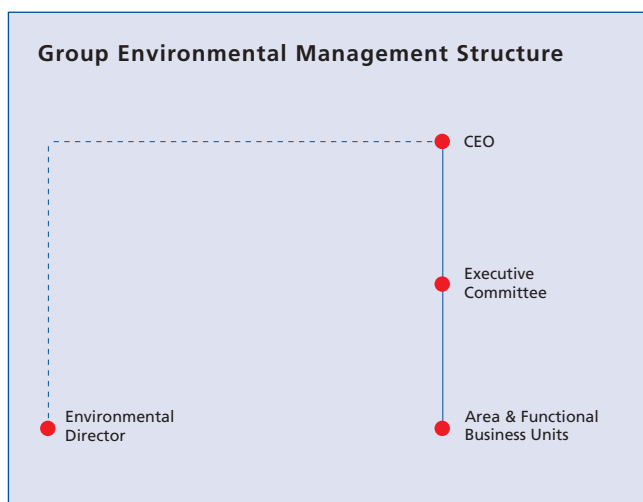
Control

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 both ensure minimum levels of, and drive improvement towards best practice in, global environmental management and performance. Examples include facility spill response, waste management and legal compliance control standards.

Sixteen of our 49 manufacturing facilities, or 33%, are externally certified to ISO 14001. Due to differing levels of facility production and product value, this equates to approximately 50% of net revenue coming from ISO 14001 certified factories (excluding products manufactured by third party suppliers). All of our European manufacturing facilities are ISO 14001 certified.



Environmental Co-ordination and Reporting

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

- have an Environmental Co-ordinator, responsible for synchronising site environmental management activities
- report at least annually on their environmental performance and legal compliance, directly to our global Environmental Director

Responsibility, control & stakeholder engagement continued

Internal Audits

We have a formal programme of environmental performance reviews of our manufacturing and R&D facilities, using experienced environmental auditors both from within the Group and from external, independent consultants.

Environmental Regulatory Compliance

Stakeholders are rightly interested in any incidents where, for whatever reason, regulatory compliance has not been maintained and a prosecution or fine has occurred.

Environmental prosecutions and fines		
	Prosecution	Fine
2002	0	2
2001	0	0

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

2002 Performance

During 2002 two Reckitt Benckiser manufacturing facilities received fines from environmental regulators:

- United States: \$1,000 (USD)/£625 (GBP) for exceeding a wastewater discharge limit. The likely cause of the problem has been identified and affected wastewater is being tankered off-site to prevent any further issues whilst a more permanent solution is investigated
- Spain: €2,100 (Euros)/£1,500 (GBP) for exceeding a wastewater discharge limit as a result of a power cut. A fail-safe system has now been installed to prevent wastewater discharges being made when the power supply is interrupted

Stakeholder Engagement

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

2002 Performance

In 2002 we engaged with all of the six stakeholder groups identified by the UK Business in the Environment (BiE) Index of Corporate Environmental Engagement, namely:

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

Listening to NGO's (non-governmental organisations) has made us understand the importance of good communication with them and other stakeholders.

Discussion with investors and analysts has enabled us to better appreciate the issues that they see as important as we move forward.

Environmental performance

Environmental Aspects

The assessment of our activities has identified seven significant environmental aspects for our direct operations:

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

We have established the four key performance indicators of energy use, greenhouse gas emissions, total waste and hazardous waste.

Life Cycle Management

We are implementing 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 continuous improvements in the environmental sustainability of both individual products and our business as a whole.

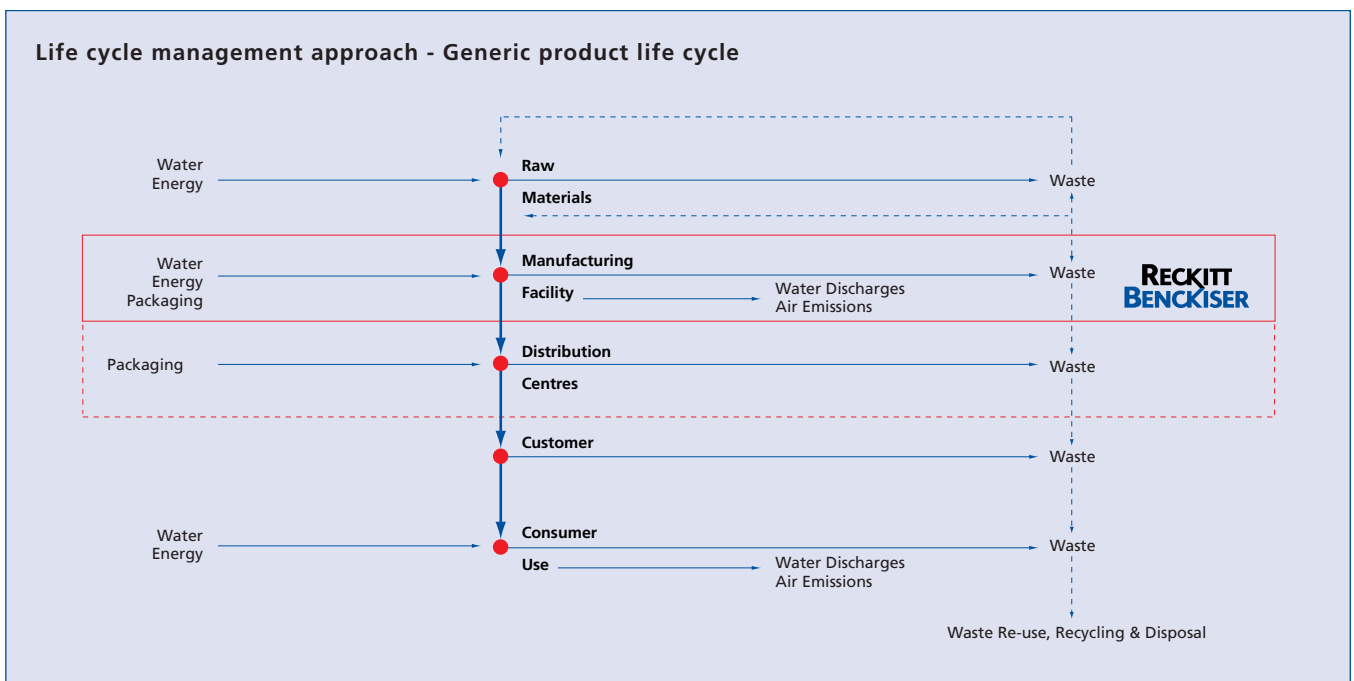
Working with our suppliers is a key element of this approach (see Suppliers and Contractors, page 21).

Eco-efficiency and Eco-design

To contribute effectively to environmental sustainability we need to close the loop between resource use and disposal. We aim 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 in the packaging that we do use for many of our products (see Packaging, page 19).

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 (see Project Compact, page 24).



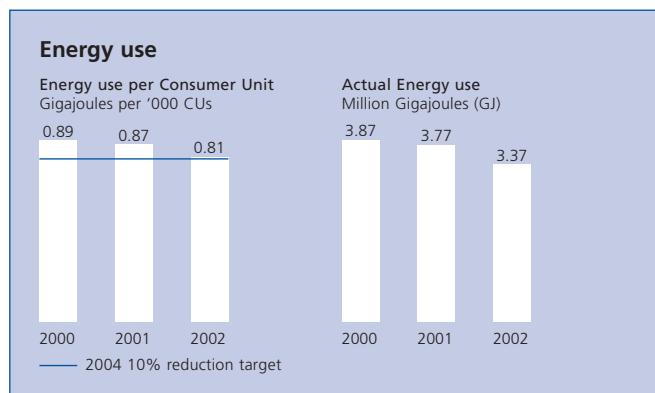
Energy use

Reckitt Benckiser manufacturing and R&D facilities use energy, raw materials and water to make our products.

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

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

- the majority of global energy production still comes from burning non-renewable fossil fuels (e.g. coal, oil and gas), 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 14



2002 Performance

Our global manufacturing and R&D facilities consumed 0.81 Gigajoules (GJ) of energy for every 1,000 Consumer Units (CUs) of production in 2002, 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 8% during 2002 (compared to 2001)
- overall, we have reduced energy use by 9% between 2000 and 2002

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

- we achieved a reduction of 11% (0.4 million Gigajoules) during 2002 (compared to 2001)
- overall, we have reduced energy use by 13% (0.5 million Gigajoules) between 2000 and 2002

The reasons for the significant reduction in energy use during 2002 include:

- improved energy efficiency at our Belle Mead facility in the United States, due to the new thermal oxidiser brought online there in August 2001
- factory layout improvement and reduced production at Cileungsi in Indonesia
- improved energy efficiency through selective equipment shutdown at Shashi Jingzhou factory in China
- energy efficiency projects and awareness programmes across many manufacturing facilities, including Toronto, Canada and Derby, United Kingdom

Future Target

We aim to achieve 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).

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 global environmental reporting system we collect data on the top-five raw materials (in terms of quantity) at each site.

2002 Performance

In 2002 our top-five raw materials (in terms of quantity) across our 49 manufacturing facilities:

- totalled approximately one million metric tonnes
- included 130 different materials
- included more than 25% natural raw materials (i.e. materials derived directly from natural sources, for example through agriculture)

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)
- 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 managing the economic impact upon our business and ensuring that the quality of our products is not compromised.

We have already been implementing improvement programmes in this area for many years, such as the AISE Code of Environmental Good Practice (see below), and will continue to do so.

AISE Code Achievements

Reckitt Benckiser is a member of the European-based AISE (International Association for Soaps, Detergents and Maintenance Products).

The AISE Code of Environmental Good Practice ('the Code') was established in 1997. It is a voluntary, industry-initiated programme to reduce the environmental impacts of using household laundry detergents, through raw

material reformulation, packaging reduction and more effective and efficient use of products by consumers.

Overall, for all companies involved, the AISE Code achieved the following raw material results for the period 1996 - 2001:

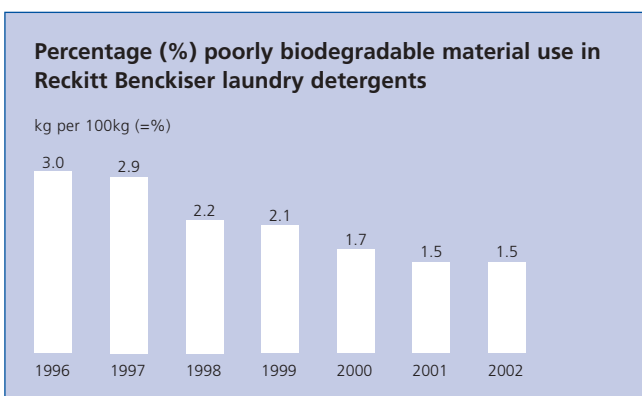
- 16% reduction (per wash) in the volume of detergents used, saving a total of 250,000 tonnes of detergent over five years
- 30% reduction in the use of poorly biodegradable materials (e.g. polymers)

Full details of the AISE Code of Environmental Good Practice can be found on the AISE web site (www.aise-net.org).

Reckitt Benckiser Achievements

Reckitt Benckiser, through our involvement with the AISE Code, has achieved the following raw material use improvements for the period 1996 - 2002:

- reduction of raw material use by more than 70,000 metric tonnes
- 51% reduction in the use of poorly biodegradable materials



Water use

We use water to make many of our products. Our aim is to use less water, particularly in areas where availability is limited.

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

Water is also used by our manufacturing facilities and R&D centres for cleaning, product testing and for human 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. The increased production of liquid-based products required to meet demand causes increases in water use.

2002 Performance

Our global manufacturing facilities and R&D centres consumed 1.32 m³ of water for every 1,000 Consumer Units (CUs) of production in 2002, and 5.5 million m³ of water in total.

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

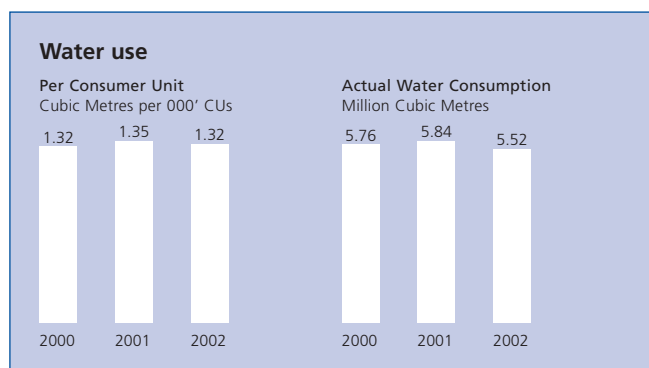
- we achieved a decrease of 2% during 2002 (compared to 2001)
- there was a slight decrease of 0.02% overall between 2000 and 2002

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

- we achieved a decrease of 6% (320,000 cubic meters) during 2002 (compared to 2001)
- there was a decrease of 4% (240,000 cubic meters) overall between 2000 and 2002

The reasons for this reduction in water use during 2002 include:

- our Shashi Jingzhou factory in China implemented a water saving programme, with the recycling of cooling water back into the production process
- St Peters in the United States improved water efficiency during product changeovers
- water consumption reduction programmes at several sites, including Granollers in Spain



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
- established water resource based targets for the investigation and reduction of manufacturing facility water consumption

We are currently:

- investigating manufacturing facility water consumption efficiency at a site-level
- working to reduce 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 some facilities from process emissions and on-site use of fossil fuels for power generation, process space heating and powering site vehicles.

Our arrangements to reduce direct air emissions and prevent pollution include energy efficiency targets and programmes (see Energy Use, page 11), operational control procedures and air emission control equipment. For example, the high temperature thermal oxidiser at Belle Mead destroys more than 99% of volatile organic compound (VOC) emissions, preventing low level air pollution.

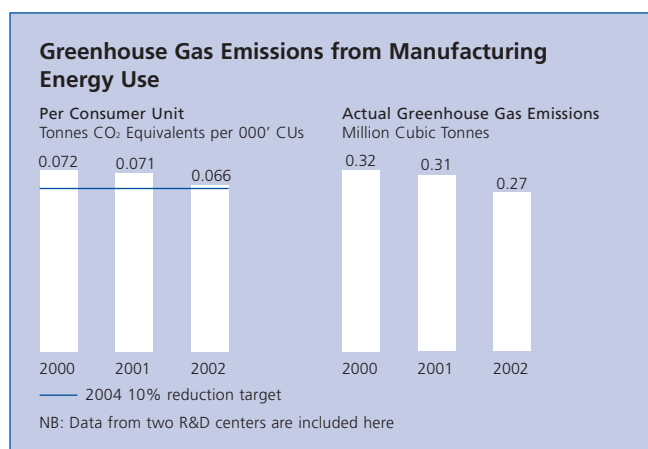
We are not presently reporting on our direct air emissions, except for greenhouse gas emissions from energy use.

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

We have proactive programmes in place to optimise our energy use and product transportation (see Energy Use, page 11 and Transport and Logistics, page 20). These programmes have already achieved significant reductions in our indirect air emissions.

2002 Performance – Manufacturing

Our global manufacturing facility energy use produced greenhouse gas emissions equivalent to 0.066 tonnes of carbon dioxide (CO₂) for every 1,000 Consumer Units (CUs) of production in 2002 and 274,000 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 8% during 2002 (compared to 2001)
- overall, we have reduced greenhouse gas emissions by 9% between 2000 and 2002

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

- we achieved a reduction of 11% (34,000 tonnes) during 2002 (compared to 2001)
- overall, we have reduced greenhouse gas emissions by 13% (41,000 tonnes) between 2000 and 2002

The reason for reduced greenhouse gas emissions is the reduction in our manufacturing facility energy consumption (see Energy Use, page 11).

Future Target

We aim to achieve 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 (compared to 2000).

Air emissions continued

2002 Performance – Transport

Our global contracted road transport of finished products (see Transport and Logistics, page 20) produced greenhouse gas emissions equivalent to approximately 0.046 tonnes of carbon dioxide (CO₂) for every 1,000 Consumer Units (CUs) of production in 2002 and 194,000 tonnes of CO₂ equivalent in total.

There continues to be a degree of inaccuracy in the transport data presented in this and our previous environmental reports. We are not therefore presenting year-to-year comparison of greenhouse gas emissions from transport at this time, except to state that the data suggests we made a reduction in these emissions during 2002, compared to 2001.

We are continuing to improve the methods used for obtaining and collating transport data.

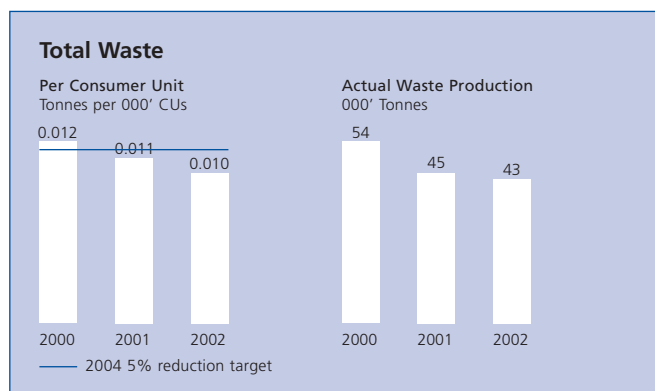
Waste

Waste is produced at our manufacturing and R&D facilities. 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 18).

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 17.



2002 Performance – Total Waste

Our global manufacturing and R&D facilities disposed of 0.01 tonnes of waste for every 1,000 Consumer Units (CUs) of production in 2002, and 43,400 tonnes of waste in total.

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

- we achieved a reduction of 1% during 2002 (compared to 2001)
- overall, we have reduced waste by 16% between 2000 and 2002

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

- we achieved a reduction of 4% (1,950 tonnes) during 2002 (compared to 2001)
- overall, we have reduced waste production by 20% (11,000 tonnes) between 2000 and 2002

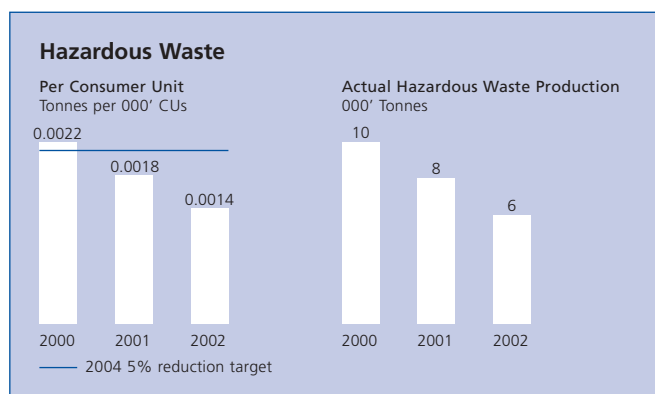
The reduction in total waste during 2002 is mainly due to the reduction in hazardous waste during the year (see page 17), but also includes other factors, such as:

- at Springfield in the United States, where we make Frank's RedHot Sauce, we have eliminated pepper mash waste
- waste minimisation and awareness programme implementation at many factories, including Derby & Hull, UK and Chartres, France

Future Target

We have already exceeded our 2004 target for total waste reduction. We shall establish a new target within the next 12 months, following more extensive analysis of past trends and future projections.

Waste continued



2002 Performance – Hazardous Waste

Our global manufacturing and R&D facilities disposed of 0.001 tonnes of hazardous waste for every 1,000 Consumer Units (CUs) of production in 2002 and 5,700 tonnes of hazardous waste in total.

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

- we achieved a reduction of 24% during 2002 (compared to 2001)
- overall, we have reduced hazardous waste by 38% between 2000 and 2002

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

- we achieved a reduction of 27% (2,080 tonnes) during 2002 (compared to 2001)
- overall, we have reduced waste production by 40% (3,800 tonnes) between 2000 and 2002

The reasons for this reduction in hazardous waste during 2002 include:

- Ladenburg, Germany (where dishwashing tablets are made) installed equipment to allow re-use of process waste, alongside process improvements and a waste awareness programme
- on-site re-use and recycling of process wastes at Brandon, United States which also makes dishwashing tablets; and at Chartres, France where our crystal air products are made
- waste minimisation programmes and initiatives at numerous factories including Guenes (Spain), Chittagong (Bangladesh), St Peters (United States) and Toronto (Canada)

Future Target

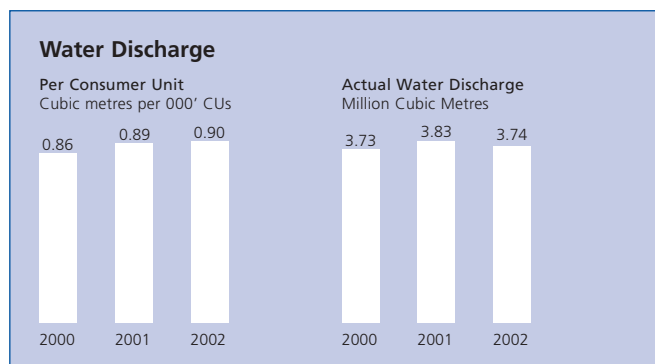
We have already exceeded our 2004 target for hazardous waste reduction. We shall establish a new target within the next 12 months, following more extensive analysis of past trends and future projections.

Water discharges

68% of the water we used in 2002 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 32% of our water use went into our products, was contained in liquid & solid wastes sent off-site (see Waste, page 16), or evaporated from cooling and process systems.

Our manufacturing 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.



2002 Performance

Our global manufacturing and R&D facilities discharged 0.9 m³ of water for every 1,000 Consumer Units (CUs) of production in 2002, and 3.7 million m³ in total.

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

- we discharged 1% more water in 2002 than we did in 2001
- overall, we have increased our water discharges by 5% between 2000 and 2002

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

- we achieved a reduction of 2% (90,000 cubic meters) during 2002 (compared to 2001)
- overall, we have increased discharges slightly by 0.4% (13,000 cubic meters) between 2000 and 2002

The reason for the slight decrease in actual water discharge during 2002 includes our water use reductions (see page 13), plus:

- the installation in October 2001 of a closed-loop cooling system at our Springfield factory in the United States
- a water discharge minimisation programme combined with a slight decrease in production at our Dhadka factory, India where we made laundry whitening powder known as 'blue'

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.

We are currently:

- investigating manufacturing facility water discharges at site level
- working to reduce our water discharges through process improvement programmes

Our ultimate objective is to reduce the volume of water discharges and improve their quality, particularly in areas where water availability is limited.

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, to only one where practicable)
- 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

2002 Performance – Project RUB

The Real UniBottle (RUB) project, which we started to implement in 2002, is an initiative to standardise and improve the design of plastic bottles used in factories across Europe.

RUB has so far achieved a 10% (830,000 kg per annum) reduction in plastic use where new RUB bottles have replaced previous bottle types.

AISE Code Laundry Detergent Packaging Reductions

The AISE Code of Environmental Good Practice (see Raw Material Use, page 12), in which Reckitt Benckiser took part, achieved the following packaging reduction results for European laundry detergent products produced by participating companies in the period 1996 – 2001:

- 15% reduction in packaging use per wash
- 7% reduction in packaging use per capita

Reckitt Benckiser Laundry Detergent Packaging Reductions

Reckitt Benckiser, through our involvement with the AISE Code, achieved the following laundry detergent packaging reductions in the period 1996 – 2002:

- 13% reduction in packaging use per wash for liquid laundry detergent
- 5% reduction in packaging use per wash for powder laundry detergent
- approximately 4,500 metric tonnes of packaging material saved over 6 years

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 (see Packaging, page 19 and Project Compact, page 24).

The environmental impacts of our transport are mostly associated with the use of fossil fuels (see Energy Use, page 11 and Air Emissions, page 14). Other less quantifiable impacts include contribution to traffic congestion and local noise.

The benefits of our transport route and product packing optimisation programmes and initiatives are not only environmental. We are able to achieve significant cost savings from efficiencies in the number of individual transport journeys that are made.

2002 Performance

In 2002 our global transport contractors travelled approximately 206 million kilometres (128 million miles) by road, taking products from our manufacturing facilities to distribution centres and from distribution centres to customers.

This data excludes the transport of products made by third-party manufacturers to distribution centres, but includes their transport from distribution centres to customers.

There continues to be a degree of inaccuracy in the transport data presented in this and our previous environmental reports. We are not therefore presenting year-to-year comparison of transport data at this time, except to state that the data suggests we made a reduction in road transport distances during 2002, compared to 2001.

We are continuing to improve the methods used for obtaining and collating transport data.

North American Transport Optimisation Programme

During 2002 we implemented a transport optimisation programme in North America:

- each day, all customer orders that are less than a full truckload are sent electronically to a specialist route optimisation company
- expert software is used to select the optimum combination of orders, carriers and customer destinations to minimise the number of trucks needed whilst maximising customer service
- an optimised shipping schedule is returned to us and then implemented

The results of this programme include:

- fewer partially full trucks; reducing the total number of trucks that must be used and thus reducing environmental impact
- optimised truck types; for example using a few larger trucks rather than many more small trucks, which gives 'economies of scale' in both overall environmental impact and cost
- optimised delivery routes; which can both reduce the total distance travelled (and thus environmental impact) and also improve the level of service we provide to our customers

We are now establishing a variant of this programme in Europe.

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.

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
- we are currently testing a supplier environmental screening process as part of a new product development programme. Here the selection of new third-party manufacturing and component suppliers includes specific environmental performance criteria
- 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 (see Product Use and Disposal, page 23)

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 site-level as part of established site environmental (and health & safety) management systems.

Land use, condition 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 Condition

Where land has been exposed to chemical or other pollution, and is deemed to pose a risk to human health or the environment, it is called contaminated land. As part of our Group environmental management system (EMS) we are continuing to confirm the condition of, and any potential contamination risks to, our land portfolio.

If we identify any land that could pose a risk to human health or the environment, either from our own or others activities, we will take appropriate action.

For example, we have due diligence studies undertaken by external consultants before buying a site that we believe may be contaminated. We then follow the recommendations of external experts if any issues are raised by these studies.

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.

Product use and disposal

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.

By taking a life cycle management approach (see page 10) we aim to achieve continuous improvements in the environmental sustainability of both individual products and our business as a whole. Applying eco-design and eco-efficiency techniques is key to making improvements across the whole product life cycle.

Fabric Care Product Use and Disposal

Fabric Care products, mostly used in or with laundry washing machines, comprised 25% of our 2002 net revenues. Washing machines typically consume a large volume of a household's electricity and water.

1996 – 2002 Performance Improvement

As noted on pages 13 and 19, through our involvement with the AISE Code of Environmental Good Practice we made the following improvements in laundry detergent product use and disposal in the period 1996 – 2002:

- reduced overall detergent volume per wash
- 51% reduction in poorly biodegradable materials volume
- 13% reduction in packaging of liquid laundry detergent and 5% reduction in packaging of laundry detergent powder

The results of these improvements include:

- **reduced energy use (and therefore air emissions)** from detergents that have been developed to perform well at lower wash temperatures
- **less product waste** released into water systems due to the reduced detergent volume
- **less poorly biodegradable materials** released into water systems
- **less post-consumer waste generated** from the reduction in product packaging

Product Composition

As part of our product research and development (R&D) activities we apply Health, Safety and Environmental 'filters' using our Global Ingredient Guidelines. These prevent materials of concern from being used in our products and their packaging.

Our R&D Regulatory, Safety & Environmental services team reviews and advises on compliance with product health, safety and environmental standards world-wide. Our approach is to make decisions about product composition based on a combination of scientific risk assessment and stakeholder concern.

2002 Performance

There have been concerns that certain artificial musks may be carcinogenic. In 2002 we came closer to the complete avoidance of fragrances containing nitro and polycyclic musks, by removing these materials from one of the two remaining products that contained them. We now know of only one Reckitt Benckiser product that contains a fragrance using a nitro / polycyclic musk. We need regulatory approval before we can make this final product formulation change.

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

Project Compact - case study

Project Compact provides a case study of how a single improvement project, incorporating eco-design principles, can achieve improved environmental performance in several areas throughout a product's life cycle.

We carry out numerous similar projects each year as part of our global Squeeze programme to drive out costs that don't add value across products, packaging and manufacturing processes.

Our Air Wick plug-in air freshener is very popular. It is a significant product within the air care portion of our Home Care category; Home Care accounted for 15 % of net revenues in 2002.

With a focus on getting products to market fast for strategic advantage, there is a tendency for new products to be over-engineered.

Originally launched in 1997, Air Wick plug-ins were first redesigned in 2000 to be more streamlined and to include user regulation of fragrance levels.

Launched in Europe in 2002, the 'compact' Air Wick plug-in (2nd redesign) resulted from a Squeeze project which was implemented with our third-party manufacturing partner.

Air Wick Plug-in 2nd redesign



Product and Packaging Improvements

Project Compact involved the following product and packaging improvements:

- a simpler, smaller product using fewer components and less wiring
- simpler, smaller primary product packaging
- simpler, smaller primary refill packaging
- simpler, smaller secondary packaging

Environmental Performance Improvements

As a result of the product and packing improvements made in Project Compact, the following environmental performance improvements have been made throughout the products life cycle:

- **less raw materials used**, saving 437 metric tonnes of material per year
 - 9 gram reduction in product weight
 - 19 gram reduction in primary packaging weight
 - 57 gram reduction in secondary packaging weight
- **less transport used** with about 140 fewer truck journeys per year for finished product distribution
- **less post-consumer waste generated** as the reduction in product / packaging size and raw material use 'filters down' into less packaging waste and less product end-of-life waste for the consumer
- **reduced air emissions** from reduced requirements for energy use in raw materials, packaging, product manufacture and transport
- **reduced water use and discharges** during the processing of 437 metric tonnes less plastic, metal and cardboard

Basis of reporting

Scope

This report provides information on all of Reckitt Benckiser's 49 operational manufacturing facilities globally, our five global Research & Development (R&D) centres and on product transportation from our factories to distribution centres and from distribution centres to customers, for the period 1st January to 31st December 2002.

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

Completeness and Comparability

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

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

Actual Performance: non-normalised data is also provided, showing actual environmental performance without normalisation against production volume.

Reliability

We continue to make improvements in our global environmental reporting system each year, such that the accuracy of data presented is continuously increasing over time.

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

Independent Review

PricewaterhouseCoopers LLP (PwC) has provided an independent review of certain parameters of this environmental report (see page 28). PwC also reviewed our environmental reports for 2000 and 2001 and these can be found on our website (www.reckittbenckiser.com).

Data Year	Operational factories providing data (%)	R&D centres providing data (%)	Comments
2002	49 (100%)	5 (100%)	1 factory sold to a third-party manufacturer; 2 factories closed; local community use of water at Dhadka, India now excluded from water totals and on-site re-use/recycling of water globally now excluded from water discharge totals (these changes to water use/discharge do not have a significant impact on group performance data)
2001	52 (100%)	5 (100%)	all R&D centres now 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

Note

Greenhouse gas emission calculations were performed in line with, and using conversion factors from:

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

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.

Business in the Environment (BiE) Index

The annual BiE index of Corporate Environmental Engagement benchmarks companies performance against their peers and industries against each other, on the basis of their environmental management and performance in key impact areas. www.bitc.org.uk

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.

Eco-efficiency

Creating more goods and services with less use of resources, waste and pollution. Energy efficiency, raw material use efficiency, sustainable use of natural materials and waste minimisation all contribute to increasing eco-efficiency.

Eco-design

Creating goods and services that, by their design or improvements to their design, require less use of resources/create less waste/cause less pollution throughout their life cycle.

Environment

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

Environmental Aspect

An element of an organisations activities, products or services that can interact with the environment to cause an environmental impact.

Environmental Impact

Any change to the environment, whether adverse or beneficial, wholly or partially resulting from an organisations activities, products or services.

Environmental Management System (EMS)

The part of an overall management system (including organisational structure, responsibilities, practices, procedures, processes and resources) for developing, implementing, reviewing and maintaining an environmental policy.

Environmental Performance

Level of environment impact, particularly over time.

Environmental Risk

The Association of British Insurers (ABI) defines risk as meaning uncertainty generally, rather than a definite actual or potential threat. It follows that environmental risks are environmental uncertainties, including both potential threats and potential opportunities.

Environmental Stewardship

Considering and influencing (for the good) the environmental impacts that arise directly or indirectly from a company's products or services.

Environmental Sustainability

Maintaining the environment's natural qualities and characteristics and its capacity to fulfil its full range of functions, including supply of natural resources and maintenance of life support systems for plants and animals.

Stakeholders

Those who affect, or are affected by, the activities of an organisation. They include customers and consumers, lenders and insurers, investors and analysts, government, regulators, local communities, NGOs (Non-Governmental Organisations), the media and suppliers.

Stakeholder Engagement

The process of listening and talking to stakeholder groups in order to better understand and meet their expectations and to better inform them in the areas in which they are interested.

Sustainability

The capacity for continuance in to the long-term future. In practice this means managing the environmental, social and economic impacts of organisations, activities, products and processes such that they can continue over the long term without a net reduction in the resources that they use.

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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Independent Review Statement for the Reckitt Benckiser Environmental Report 2002

To the Executive Committee of Reckitt Benckiser plc

The Reckitt Benckiser plc Environmental Report 2002 (“the Report”) summarises the environmental management, policies, programmes and performance of the Reckitt Benckiser Group’s (“the Group”) global operations for the period January to December 2002. The Report is solely the responsibility of Group management and has been approved by the Executive Committee.

PricewaterhouseCoopers LLP (“PwC”) was requested by Reckitt Benckiser management to complete an independent review of specified elements of the Group level environmental management and reporting process. Our responsibility is only to Reckitt Benckiser management and is to report on our findings, based on the scope of work and terms agreed with Reckitt Benckiser management for this purpose. We do not, in giving this independent review statement, accept or assume responsibility for any other purpose or to any other person. As part of our review we considered specifically:

- The existence and adoption of Group level processes for the central collation, review and aggregation of the reported data and/or information from global manufacturing and R&D facilities in relation to two selected parameters: greenhouse gas emissions resulting from manufacturing energy use and fines and prosecutions data for discharges to water, atmospheric emissions and waste management;
- The existence and adoption of Group level reporting guidelines for the collation, review and aggregation of the reported data and/or information for the selected parameters from two manufacturing facilities; and
- The consistency of the information contained in the Report in relation to the selected parameters with the findings of the work that we have completed.

Our approach

There are no internationally recognised reporting and assurance standards for the reporting or review of environmental information. We performed our work in accordance with the applicable elements of the International Standards on Assurance Engagements. Our work comprised:

- A review of Group level systems and procedures for the central collation, review and reporting of greenhouse gas emissions resulting from manufacturing energy use and fines and prosecutions data for discharges to water, atmospheric emissions and waste management from manufacturing and R&D facilities worldwide;

- A review of site level systems and procedures for the collation, review and reporting to Group of energy use and fines and prosecutions data for discharges to water, atmospheric emissions and waste management from two manufacturing facilities, in Italy and Spain;
- A high level analytical review of Group greenhouse gas emissions resulting from manufacturing energy use and fines and prosecutions data for discharges to water, atmospheric emissions and waste management to test Group level aggregation and evaluation processes; and
- Reading the relevant sections of the Report text to assess the balance and consistency of the information presented with the findings of the work completed.

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

Our findings

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

- Group level processes have been established and adopted for the central collation, review and aggregation of greenhouse gas emissions from manufacturing energy use and fines and prosecutions data for discharges to water, atmospheric emissions and waste management from the manufacturing and R&D facilities worldwide.
- Based on the two sites visited, there are site level processes for the collection, review and reporting to Group of energy and fines and prosecutions data for discharges to water, atmospheric emissions and waste management. However, weaknesses were identified in site level controls for collating and reviewing energy data which could impact on the reliability of the energy and subsequent greenhouse gas emissions data reported by individual sites.

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

July 2003, London