

Environmental report



Contents



This Report describes in brief how we manage the environmental dimension of our activities. It includes an overview of our environmental performance in 2003 and progress on our sustainability initiatives in agriculture, fish and water. Full details of our environmental programmes and our response to environmental issues can be found on our website: www.unilever.com/environmentandsociety.

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Our business

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

The Unilever Group* was created in 1930 when the British soap-maker Lever Brothers merged its businesses

with those of the Dutch margarine producer Margarine Unie. Unilever now has operations in around 100 countries and our products are on sale in around 50 more. In 2003 our turnover was €42,942 million and we employed 234,000 people.

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

Turnover	42,942
Operating profit	5,529
Operating profit BEIA**	6,772

** BEIA = Before exceptional items and amortisation of goodwill and intangible assets.



For more information on our financial performance, please see our Annual Review and Summary Financial Statement 2003 and our Annual Report & Accounts 2003 or visit www.unilever.com/investorcentre/financialreports.

Front cover photograph

Drip irrigation used by Unilever tomato growers in Brazil saves water and reduces the use of fertilisers and pesticides. José Aparecido Bianchi, agricultural technician at Unilever Bestfoods Brazil, took the picture

and was one of the winners in the Unilever Corporate Social Responsibility (CSR) photographic competition in 2003. We asked employees to take photographs that they felt represented CSR in action around our business.

* The Unilever Group, also referred to as Unilever or the Group, consists of the two parent companies, Unilever N.V. and Unilever PLC, which, together with their group companies, operate as nearly as practicable as a single entity.

References in this Report to Unilever companies include our units such as research establishments.

Chairmen's introduction

The world in which we operate is changing. Consumers are increasingly bringing their views as citizens into their buying decisions, demanding more from the companies behind the brands. They want companies and brands they can trust.

In the last five years we have become a more focused, streamlined business concentrating on fewer, stronger brands. Now is the right time to restate our mission, which can be summed up in one word: vitality.

Unilever's mission is to add vitality to life. We meet everyday needs for nutrition, hygiene, and personal care with brands that help people feel good, look good and get more out of life.

Taken together with our established statements of values as a business – the Corporate Purpose and Code of Business Principles – this increased clarity about what we stand for puts us in a better position to succeed in the years to come. Our mission is important because it aligns our employees with a clear aspiration and focuses us all on serving our consumers.

Yet restating our mission and values and asking our employees to adhere to them is only a first step. The challenge comes in living them out in day-to-day business decisions, and doing so in a way that is both internationally acceptable and locally appropriate. The long-term success of our business is intimately connected with the vitality of the communities and the environment in which we operate.

In this Report, we offer an update on the progress we made in 2003 – in partnership with others – in our environmental management and performance.

We are encouraged by what has been achieved so far in our agricultural initiatives, where we have moved from trials to sharing our learning with all the growers of our key crops. For example, small-holders producing tea in the Kenyan highlands can now read in Swahili one of our booklets about sustainable tea growing.

At the end of 2003, we bought over half our fish from sustainable sources. By 2005,



we expect this figure to rise to 75%. Although this will fall short of the 100% target set in 1996, we have nevertheless achieved very substantial improvements. We remain firmly committed to work with others, including the Marine Stewardship Council, to help drive the whole fisheries market towards a sustainable future.

We continue to make progress towards our long-term eco-efficiency objectives at our factories. For example, since 1995 we have reduced the unit load of sulphur oxides emitted from our sites by 64% and we have seen significant reductions in waste, energy and water consumption. This Report provides evidence of our progress and an analysis of the data and trends.

Following the 2002 environmental strategy review, an updated strategy was agreed. This builds on the work already under way and brings in three additional areas: connecting with the consumer on environmental care; leveraging our eco-manufacturing skills across the wider supply chain; and embedding environmental sustainability in our decision-making.

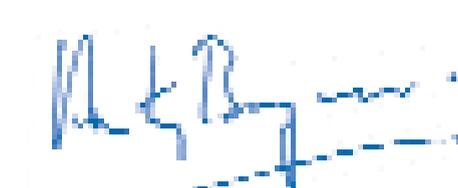
While our successes have been many, we have also fallen short of some of our objectives. You will see that we did not meet every target for 2003, although we made progress in most of them. This is because, as we advance, the scope for further dramatic improvement gets less.

Our Leadership Growth Journey programme involves groups of future business leaders in a challenge that includes community and outdoor assignments, as well as prompting them to reflect on leadership responsibilities and what is important in their own lives. Here Co-chairmen Antony Burgmans (left) and Niall FitzGerald lead the group in 2003's journey in Portugal's mountainous Peneda-Geres national park.

We remain firmly committed to stretching targets and learning from our shortfalls.

The fact that we don't always get everything right is one reason why we are committed to transparency, dialogue and a multi-stakeholder approach. This Report and the Environment & Society section on our website provide information and data on our policies and performance. Just as important is the local engagement that each of our companies has in every country where we operate. It is at country and community level where the benefits of responsible business are felt, and where negative impacts must be managed. It is there that business, working with governments and civil society organisations, must strive to spread prosperity, protect and preserve the environment and enhance long-term sustainability.

We remain committed to open engagement with our partners, locally and globally. Thank you for taking an interest. Please tell us what you think – we welcome your views.


Antony Burgmans


Niall FitzGerald

Chairmen of Unilever

Unilever and sustainable development

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

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

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

We are committed to contribute to sustainable development – meeting the needs of the present without compromising the ability of future

generations to meet their needs. There are many people and organisations that have an impact on our business, and we have an impact on them, including consumers, employees, customers, business partners, investors, governments and regulators.

As a multi-local multinational, we tackle global concerns with local actions and operate in partnership with local agencies, governments and non-governmental organisations (see environmental and social case studies at www.unilever.com/environmentsociety).

We work directly with many organisations, including WWF, the University of Cambridge Programme for Industry, Forum for the Future and the World Business Council for Sustainable Development. We were one of the founding signatories to the United Nations Global Compact.

Our commitment to corporate responsibility is an integral part of our operating tradition. This is spelt out in our Code of Business

Principles and in our Corporate Purpose. It finds practical expression in the worldwide standards we have set to ensure the safety of our consumers and our workforce and to minimise the environmental impact of our operations. Corporate responsibility is an underlying principle of our vitality mission.

This Report deals with the environmental aspects of our work. Our Summary Social Review 2003 sets out Unilever's approach to responsible corporate behaviour. It outlines current policies and practices, with local company examples, and where available corporate-wide performance data. Our social performance publications, plus an overview brochure of Unilever's approach to environmental and social responsibility (Global Challenges: Local Actions), are available to download in the publications library section of our website: www.unilever.com/environmentsociety.

Sustainability initiatives

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

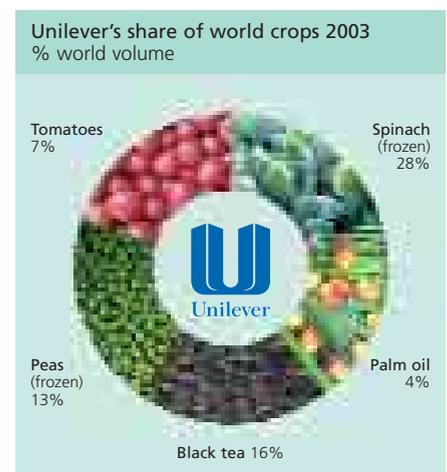
We are conscious of our dependence on a healthy environment and the need to keep it that way with sound environmental practices of our own. We use a life-cycle approach to assess the environmental impact of our products and business activities. This enables us to analyse our impacts and to concentrate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

Many of the issues we face are outside our direct control – either at the beginning of the supply chain or at the end. Nevertheless, in our sustainability initiatives we focus on three areas that are directly relevant to us and where we can make a measurable contribution through our programmes. These areas are agriculture, fish and water.

Agriculture

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

We have completed guidelines for the sustainable management of all five of our key crops – palm oil, tea, peas, spinach and tomatoes. The guidelines



are published on a website set up specifically to share knowledge (www.growingforthefuture.com).

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

See page 7 for our progress in 2003.



New Zealand hoki



US Alaskan pollock



Chilean hake and South African hake



Atlantic cod



Saithe

Main species used in Unilever frozen fish products. For progress on certification and our assessment of the sustainability of fisheries see page 8.

Fish

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

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

See page 8 for our progress in 2003.

Water

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

Our main water imprint is associated with the growing of our raw materials (upstream from our factories) and with the consumer use of our products (downstream), not with our manufacturing operations.

This explains the importance we place on our sustainable agriculture initiative and on the need for us to work with consumers to foster the responsible use of water. It is clearly in our long-term interest to do so because without clean water many of our branded products would be unusable.

Unilever's manufacturing operations account for only 3% of its total water imprint. We have more than halved water consumption in our factories since 1995 – see data on pages 9 and 13.

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

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



See page 9 for our progress in 2003.

For more detail on our sustainability initiatives see our website: www.unilever.com/enviromentsociety/sustainability.



Executive responsibilities and environmental management

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

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

We have gained considerable experience and understanding through our work in the sustainability initiatives and the advances we have made in improving eco-efficiency in our factories. So in 2003, we began to look more carefully at three additional areas:

1. Ways to connect better with our consumers on environmental care and ensure that their needs and desires are met by our brands.

We are beginning to understand that people have views in their role as consumers and also views as citizens. We need to take both into account and build this understanding into the way we position our brands, where appropriate. As a start, we are enhancing our *Iglo*, *Birds Eye* and *Findus* (Italy) frozen food brands with an updated positioning of "natural pioneering food, simply frozen",

using our work on sustainable agricultural and fishing practices, as well as the quality of our raw materials, to support our claim. Working with Forum for the Future, a UK sustainability organisation, we have run a test workshop in the UK on *Ben & Jerry's* ice cream, looking at the brand's opportunities and vulnerabilities, as seen from the point of view of a non-governmental organisation.

2. How to make the most of our eco-manufacturing skills across the wider supply chain, including third-party product suppliers, providers of key raw materials and transportation.

Since 1995 we have made considerable progress in reducing the environmental impact of our manufacturing operations and are now building on this experience to work across the wider supply chain with suppliers, contract manufacturers and transport providers.

Our foods business includes minimum requirements for environmental care in its general requirements for suppliers and contract manufacturers. These



We are beginning to understand that people have views in their role as consumers and also views as citizens. We need to take both into account and build this understanding into the way we position our brands. We are most advanced in the way we promote products from sustainable fisheries.

requirements will now form an integral part of our supplier selection, management and audit process. Towards the end of 2003, our Home & Personal Care (HPC) Division started work on the development of new risk assessment tools which will help it identify those suppliers and third parties whose own operations could potentially have a significant impact on the environment. In future years, HPC will seek to work more closely with these suppliers and third parties, sharing skills and knowledge, to reduce further the potential environmental impact of their activities.

Implementation

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

The Unilever Chairmen and Executive Committee approve the strategic policies for environmental issues, with overall operational responsibility located in the Foods Division and Home & Personal Care Division. Daily responsibility for management and oversight of environmental issues and policy implementation rests with the operating companies in each country.

Support to the business is provided by the Safety and Environmental Assurance Centre (SEAC), the Unilever Environment Group (UEG), and external advisors.

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

The UEG works on strategy and policy on behalf of the Board. It is chaired by Clive Butler, Corporate Development Director and a member of the Board. The UEG's role is to ensure that Unilever honours its commitment to contribute to the

3. How to ensure that environmental sustainability is firmly embedded in everyday decision-making.

Environmental considerations are already a part of our innovation project management and capital investment processes and many aspects of our supply chain.

Widening this commitment to encompass other business processes will be a key part of our forward planning from 2004. Environmental considerations are part of the strategy behind our new vitality mission and will be built into our training and awareness programmes, and

environmental pillar of sustainable development, and to continuously improve our environmental performance. The UEG is made up of people from the Divisions and Business Groups, together with corporate experts in safety, health, environment and communications. In areas of mutual interest, there are strong links to our colleagues working in social responsibility reporting.

In 2003, we had five external advisors in the UEG who meet not only as part of the UEG but also individually with senior management and scientists. They form a group of independent – and independently minded – environmental experts who advise Unilever on emerging and long-term complex environmental matters. The external members bring a diverse set of perspectives from different geographic regions and backgrounds.

They are:

Daniel Esty, Director of Yale Centre for Environmental Law and Policy, USA

Jonathon Porritt, Co-founder of Forum for the Future, UK

Tiahoga Ruge, Director General, Centre for Education and Training for Sustainable Development, Mexico

Björn Stigson, President of the World Business Council for Sustainable Development, Switzerland

Pieter Winsemius, member of the Scientific Council for Government Policy, Netherlands.

individual work plans where relevant. In 2003, work started on awareness training, with the development of communication and training aids focused on marketing. A pilot awareness programme on sustainability was developed for marketers in conjunction with the University of Cambridge Programme for Industry who are experts in business learning processes and sustainability. The pilot was successfully tested in Singapore at the request of local management.

See more at: www.unilever.com/environmentalsociety/environmentalmanagement.

In 2002–3, the UEG re-evaluated Unilever's environmental strategy and recommended various ways to extend its reach in our business.

In addition to endorsing the extension of the environment strategy the UEG covered many other topics in its discussions, including:

Initial plans for building the environment into our marketing and brand plans and awareness programmes.

A full review of our Fish Sustainability Initiative. A number of suggestions made by the external advisors have helped to improve our assessment tool (page 8). This meeting of the UEG was held at our main fish processing unit in Germany so that members could see our operation first hand.

The position with regard to refrigerants used in our business, in particular in our ice cream business. Detailed plans on how to improve the situation were discussed and approved.

A project to further build our capability to assess risks, vulnerabilities and opportunities from an environmental perspective in our brands and products, using an improved life-cycle analysis system.

Management systems

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

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

Our environmental management systems are designed to achieve continuous improvement and are based on, and compatible with, ISO 14001.

Our Environmental Care Framework Standards require all Unilever operations to establish a formal environmental management system. These requirements are supported by some additional specific standards and guidance documents which cover areas such as environmental aspects evaluation, incident investigation and environmental audit.

Environmental training courses have been developed and implemented. Examples include: a course on how to implement the Unilever Environmental Care Framework

Standards; awareness training for senior managers and their operational staff; specific workshops on waste and water minimisation and energy efficiency plus a dedicated course for the safety, health and environmental (SHE) auditors within each of our Regions/Business Groups.

The number of ISO 14001 certified sites increased again in 2003 from 114 to 149. This represents 40% of our manufacturing sites worldwide. During 2003, a further 43 sites were certified, but eight certified sites were closed or divested. We did not meet our original goal of having all of our lead manufacturing sites certified to ISO 14001 by the end of 2003. The decision whether or not to seek external certification to ISO 14001 lies with the specific region, operating company and/or manufacturing site, and is based purely on local business relevance.

All sites have implemented the Unilever Environmental Care Framework Standards. All Unilever manufacturing sites are subjected to an environmental audit at least once every three years.

Environmental performance 2003

We continue to make good environmental progress. Here we describe developments in 2003 in our sustainability initiatives and other key environmental activities, followed by data on our environmental performance in manufacturing.

Moving from theory to practice in sustainable agriculture



In 2003 we started to move from the pilot to the implementation phase of our sustainable agriculture initiative and good progress was made.

Sustainable agriculture protocols for all our key crops (palm oil, peas, spinach, tea and tomatoes) have been published as Sustainable Good Agricultural Practice Guidelines (GAP guidelines). The roll-out of these to our growers, in co-operation with other partners, began during the year.

We were one of the founders of the Roundtable on Sustainable Palm Oil, an industry-led initiative with the conservation organisation, WWF, that promotes the growth and use of sustainable palm oil. The Roundtable first met in August 2003 in Kuala Lumpur, Malaysia and Unilever signed the Roundtable's Statement of Intent in December 2003. See more at www.sustainable-palmoil.org.

The roll-out of the guidelines for palm oil is particularly complicated because of the large number of small-holders involved. We are working through the Roundtable to help us communicate the guidelines across our widespread supply chain.

Good-practice guidelines for sustainable tea have been published as leaflets for small-holders in local languages in India, Kenya and Tanzania. This will help us communicate our approach to the many small tea farmers who supply us.

The first steps were taken to extend our agriculture initiative to all major vegetable oils including rape, sunflower, soya and olive oil.

The fifth Unilever Sustainable Agriculture Workshop was held in July in Brazil, with a focus on biodiversity and waste management. Field trips were made to growers participating in the successful sustainable tomato programme of Unilever Bestfoods Brazil.

Fourteen new members have joined the Food Industry Platform for Sustainable Agriculture (SAI Platform), established in 2002 by Unilever, Nestlé and Groupe Danone. These are: Campina, Danisco, Dole, Ecom, Efico, Findus, Friesland Coberco, Kraft Foods, McCain, McDonald's, Neumann Gruppe, Sara Lee, Tchibo and Volcafe. The SAI Platform now has working groups on five topics: dairy, cereals, palm oil, potatoes and vegetables.

Our five key crops (from left to right): palm oil, peas, spinach, tea, tomatoes. Bottom right: the ten sustainability indicators from the GAP guidelines in Italian.

Sourcing sustainable fish

By the end of 2003 we were buying more than half our fish from sustainable sources. By 2005 we expect the figure will rise to three-quarters. Although this will fall short of the 100% target set in 1996, we have nevertheless achieved very substantial improvements. We have done this through our Fish Sustainability Initiative (FSI), which began in 1996.

Conserving biodiversity and the sustainable use of biological resources – as set out in the United Nations Convention on Biological Diversity – are well recognised in the FSI. We remain firmly committed to work with others to help drive the whole fisheries market towards a sustainable future. This will safeguard our fish business in the long term and respond to consumer concerns.

In 2003, we continued our established dialogue with key stakeholders in international fisheries, including the Marine Stewardship Council (MSC), the independent organisation that accredits fish certifiers. We helped establish the MSC in 1996 with the conservation organisation, WWF. We fully support the work of the MSC and we encourage our suppliers to seek certification to the MSC Standard.

MSC-certified fish is in short supply for two main reasons: the long time it takes for fisheries to gain certification and the

fact that it is mainly small fisheries that have been certified so far. Therefore we continue to use, and have further developed, what we call a traffic light system to make our own assessment of the sustainability of fisheries. Our system – complementary to the MSC certification programme – is based on the UN Food and Agriculture Organisation's Code of Conduct for Responsible Fisheries.

In 2003 we reached the stage whereby the systematic checking and rechecking of our whitefish (groundfish) suppliers using the traffic light system is continuous.

Our dedicated sustainability manager assesses each fishery against five indicators: fisheries research; quota system; regulatory tools; control systems; long-term management plan. The effect of fishing on marine ecosystems is also taken into account. Each indicator contains a set of detailed criteria that mirror the conditions necessary for successful fisheries management.

We grade the assessment results into three colours – green, yellow and red. A fishery that gets all green is deemed sustainable and we encourage them to seek certification to the MSC Standard. Those that show a mix of green and yellow are deemed managed and progressing, and those that get one or more red, poorly managed. We continue

to work with these fisheries to help them make progress towards sustainability.

We categorise a fishery as unmanaged if it scores red against all five indicators. We no longer source from unmanaged fisheries. We would be happy to work with them, individually or as an industry, if this will help move their attitude to sustainable development.

In December, we sponsored Deep Sea 2003, the international fisheries conference, held in New Zealand. We published *Fishing for the Future II*, a booklet that describes the latest developments in FSI, including commentary by leading international stakeholders.

(Copies can be downloaded at: www.unilever.com/enviromentsociety/publicationsspeeches.)



Matthew Kee, an independent observer working with the New Zealand Fisheries Audit Service, checks a hoki for size and quality.



Conserving water up and downstream

We are involved in a wide range of water conservation activities worldwide, upstream in agriculture, in our manufacturing operations, and downstream in consumer use.

We tackle our upstream water use by working closely with our growers, especially those producing palm oil, spinach, tea, tomatoes and peas.

Tomatoes need a lot of water. For example, in Australia where some 80% of the tomato fields that supply us have switched to drip irrigation, water consumption has more than halved and yields doubled. In Brazil, a new trial project has shown that yields can be increased by an average of 30% using drip irrigation. This can also reduce the application of fungicide and insecticide by 50% and 25% respectively.

In manufacturing we have worked for a long time to ensure that we minimise water use. In 2003, we reduced unit water consumption by 13% compared with 2002 – well ahead of our target – and overall, we have reduced it by 53% since we started systematic measurement in 1995.

At many of our sites in dry areas we attempt to achieve what we call zero liquid effluent by recycling waste water or using it to irrigate land on the site. We have, for example, achieved this at 53 of 76 sites in India.

Unilever Indonesia has pioneered a Zero Industrial Waste policy at its Jababeka Cikarang factories in West Java since 2001. The programme has now been implemented in all our Indonesian operations. At Cikarang, process water from the ice cream and foods factories is treated in its water treatment plant. The resulting high-quality water is then pumped across the estate to Unilever's detergent factory where it is used as process water. This has cut water consumption by half.

Downstream we are working in a number of countries to motivate consumers to use the appropriate amount of our products. We work continuously to understand what happens after our products are used in a range of conditions.

Unilever supports an industry-led pan-European communications campaign called Washright that uses on-pack advice, an internet site and TV advertising to give consumers information on how to optimise laundry washing. In developing markets, we have begun to raise awareness locally on sanitation and hygiene.

Unilever Indonesia has been working for over two years on the Clean Brantas river basin project, in close partnership with four villages, a local university, non-governmental organisations and government agencies. This is a wide-ranging project that has been successful in cleaning up part of the river, opening the way for fish farming and fruit growing.

There is a constant need to do more to understand the impact of our products on water in water-stressed areas. In sub-Saharan Africa, Unilever South Africa, in partnership with Rhodes University, opened the Unilever Centre for Environmental Water Quality. It aims – through investigating the effects of chemicals in water ecosystems – to improve environmental water quality management in South Africa.

We support Living Lakes, an international partnership that promotes voluntary collaboration among organisations that carry out projects benefiting lakes. At the 2003 World Water Forum in Japan we launched the Living Lakes toolkit with our Living Lakes partner, the Global Nature Fund. This toolkit includes guidelines and case studies on the management of lake catchments. These are based on the collective experience gained from many successful multi-stakeholder partnerships.

See more at: www.unilever.com/environmentalsociety/sustainability/water.



Above: Brazil's 'Conviver' programme and the annual Semana de Agua (Water Week) which helps to promote environmental awareness in communities around the factories. Below: technicians inspect a water treatment plant in Nigeria.



Restoring our site at Kodaikanal

In 2003, we continued to restore our site at Kodaikanal, India, where we used to make medical thermometers. The factory – closed in 2001 – was part of the operations of Hindustan Lever Limited (HLL).

In May, mercury-containing materials, including mercury-bearing glass scrap, semi-finished and finished thermometers, effluent treatment plant waste and elemental mercury, were packed in secure drums at the site and transported to Bethlehem Apparatus Inc. in Pennsylvania, USA, for processing. The materials were packed under the supervision of the regulator, the Tamil Nadu Pollution Control Board (TNPCB), and witnessed by local NGOs, including Greenpeace.

In June 2003, HLL applied to the TNPCB for permission to physically and chemically treat the thermometer-making equipment remaining at Kodaikanal. Once this permission is obtained, which we believe is imminent, the equipment that has come into contact with mercury will be decontaminated and along with the other thermometer-making equipment will be dismantled to prevent its reuse in thermometer manufacture. It will then be disposed of as industrial scrap.

HLL has already sought permission from the TNPCB to remediate to Dutch residential standards (a stringent internationally recognised standard) the

land within the factory premises. As soon as official approval is received, HLL will start the work. It should take a year to complete.

Reviews of HLL's medical surveillance procedures by three independent bodies have confirmed that adequate health surveillance procedures had been in place and that there was no adverse health impact on employees because of operations with mercury at the site.

See the full story at www.unilever.com/environmentalsociety/newsandspeeches.

Engaging with our stakeholders

Many people and organisations have an impact on our business, and we have an impact on them. Listening to and learning from our stakeholders informs our decision-making, strengthens relationships and helps us succeed as a business.

Different groups inevitably have differing perspectives and approaches. Engaging in challenging partnerships requires all parties to respect genuinely held beliefs and expertise, if each is to benefit and learn. Sometimes different parties have to agree to disagree so that progress can be made.

Consumers and customers

With more than 150 million people worldwide choosing at least one of our products every day, consumers are by far our most important stakeholders. People, whether as consumers or citizens, are at the heart of our business: listening to their views is the key to our success. We are engaged in a continuous conversation with consumers all over the world, to understand their diverse tastes, needs and trends. To further improve our understanding and insight we are increasing our knowledge of people's views as citizens. We operate consumer care-lines that provide information to consumers and log complaints and comments and provide easy access to information about our business and brands through our websites.



We have continuous dialogue with our trade partners, our customers. The dialogue is focused on our trading relationships but also covers aspects of the environment when this affects our mutual business.

Other stakeholders

Our local operating companies are rooted in their countries and communities. The companies and their brands are responsible for engaging with all their stakeholders.

Unilever also consults with academics, regulators, non-governmental

Meeting of farmers, fieldmen and other stakeholders during the Australian sustainable agriculture pilot project on tomatoes.

organisations, opinion formers, socially responsible investment (SRI) analysts, United Nations institutions and other interested parties, including our key investors and employees.

This can take many forms. Our corporate environmental strategy is influenced by our external advisory group (see page 5) of eminent environmentalists who are encouraged to constantly challenge our

thinking and environmental ambitions. (Read their comments on www.unilever.com/environmentalsociety/environmentalmanagement.)

At the other end of the spectrum, in 2003 we began a series of informal meetings where small groups of stakeholders gather to discuss specific topics of mutual interest with senior Unilever executives. Topics in 2003 were sustainable consumption and the measurement of corporate responsibility. These meetings, held in a relaxed atmosphere, embody the essence of stakeholder dialogue: people listening and learning from each other's different knowledge, experience and beliefs.

We respond to surveys and in-depth questions on specific issues from SRI analysts and participate in leading SRI indexes (see box).

Sustainability initiatives

Our three sustainability initiatives in agriculture, fish and water (see pages 2 and 3) are based on extensive stakeholder dialogue.

The Sustainable Agriculture Advisory Board – 10 respected people in their field – provides top-level feedback and contributes to the direction of our work. Each of the initiative's separate projects, that developed guidelines on our key crops, used stakeholder dialogue as an integral part of the process. See more about our continuing engagement on www.unilever.com/environmentalsociety/sustainability/agriculture and www.growingforthefuture.com.

The Sustainable Fish Initiative maintains links and regularly meets with key politicians, regulators, NGOs and international organisations involved in the fisheries debate. For example, in 2003, meetings were held with, among others, members of the European Parliament, the UK government, European regulators, Greenpeace, WWF and the UN Food and Agriculture Organisation. The latest edition of our booklet, *Fishing for the Future II*, contains comments, challenges and testimonials from international stakeholders (download at www.unilever.com/environmentalsociety).

The Marine Stewardship Council (MSC), the independent accreditation organisation, was set up by a partnership of the conservation organisation WWF and Unilever. The MSC continues to use a multi-stakeholder approach that we wholly endorse.

The Sustainable Water Initiative is based on stakeholder engagement. The catchment-management guidelines (called SWIM), developed with the UK sustainability organisation, Forum for the Future, have participatory stakeholder engagement at their core. The guidelines underpin Unilever-sponsored water conservation projects around the world (see page 3).

International organisations

Unilever supports the UN Global Compact, a multi-sector forum, which brings together business, international and civil society organisations to address issues of sustainable development and poverty alleviation. We are committed to living out the Compact's nine founding Principles (covering the three areas of human rights, labour and the environment) in our everyday business operations, and participate actively in the work of the Compact.

We engage with the Global Compact directly in policy dialogues, in particular those on Sustainable Development and Development of Small and Medium-Sized Enterprises. We contribute to Compact learning forums, engage in UN partnership initiatives and encourage advocacy through our senior executives' speeches and Unilever publications and website. Several of our local businesses are also members of the Compact's local networks. Examples of the projects and case studies we have submitted to the Compact are available at: www.unglobalcompact.org.

Recognising responsible business practice

We have a continuing dialogue with socially responsible investment (SRI) analysts, who use a variety of methods to assess our environmental, social and financial performance. Unilever participates in many SRI surveys but the number of questionnaires we receive means that we are not able to respond to them all. Instead we seek to co-operate interactively in the development of evaluation methodologies where we believe from our practical experience we have something to contribute.

We are included in two international stock market indexes, the Dow Jones Sustainability Indexes (DJSI) and the FTSE4Good Index Series. In 2003, for the fifth year running, we led the food industry category of the DJSI. An analyst at Dow Jones commented: "The successful execution of its sustainability strategy positions Unilever among the leaders of its industry. This is supported by Unilever's high level of engagement across all three corporate sustainability dimensions – economic, environmental and social."



Unilever was ranked third out of the top 100 'companies that count' for corporate responsibility in the second CR Index, published early in 2004 in the UK by Business in the Community (BITC), an independent business-led organisation.

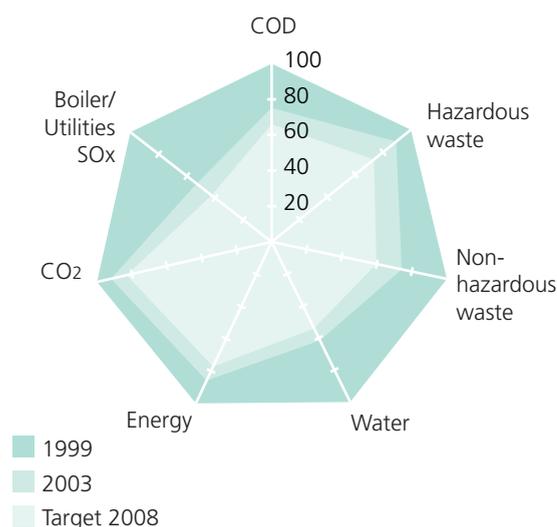
Unilever also led the food producers and processors sector of the Business in the Environment Index – BITC's annual survey of corporate environmental engagement – and was placed in the Premier League of companies with an overall score greater than 95%.

Summary data

This is a summary of the environmental performance of our manufacturing sites since 1999. The graph shows the overall improvement (%) since 1999 and our five-year targets to 2008. The table shows the load per tonne of production for the last five years.

Reduction in load per tonne of production since 1999 and targets for 2008

expressed as % of the 1999 kg / tonne figures



Load per tonne of production 1999–2003

Parameter	Units	1999	2000	2001	2002	2003
Chemical oxygen demand (COD)	kg/tonne	2.79	2.50	2.33	2.31	2.10
Hazardous waste	kg/tonne	0.62	0.50	0.50	0.55 (0.42)	0.55
Non-hazardous waste	kg/tonne	13.00	12.00	11.26	9.88	9.65
Water	m ³ /tonne	6.06	5.43	5.04	4.29	3.73
Energy	GJ/tonne	2.40	2.27	2.19	2.15	2.06
Carbon dioxide (CO ₂) from energy	kg/tonne	208.14	197.91	198.59	195.17	191.46
Boiler/Utilities oxides of sulphur (SO _x)	kg/tonne	0.45	0.42	0.34	0.29	0.24

() Figure without one-off disposal of contaminated soil

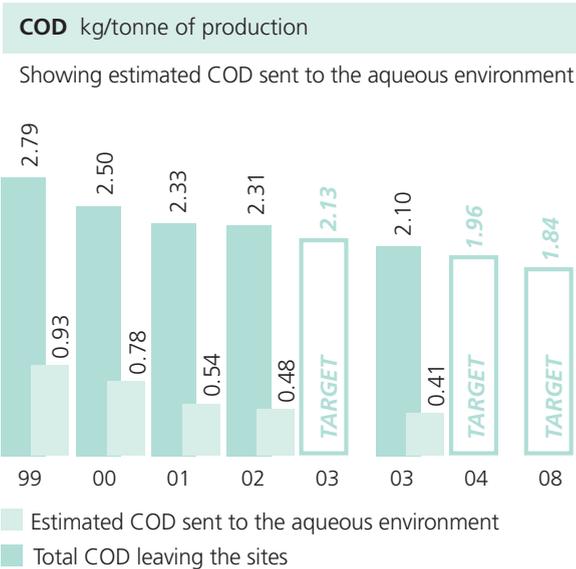
Note: This Report shows our energy use as well as the resulting CO₂ emissions. Since 1999 we have focused on global warming potential and this is why we include a target for CO₂ from energy.

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

Key performance trends

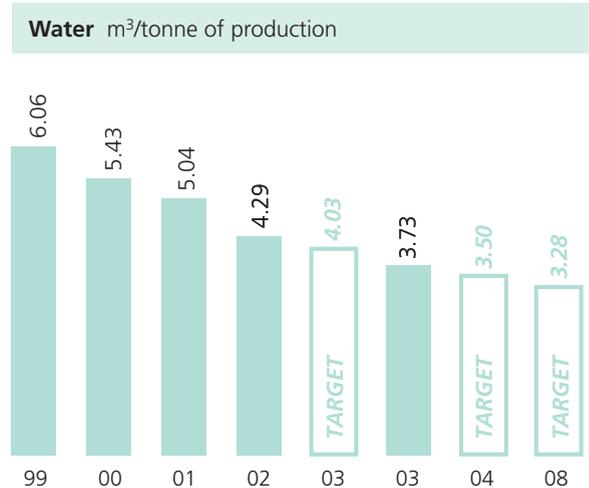
Here are the trends in the key performance indicators of our manufacturing sites up to 2003. For further details on the issues and actions we have taken to reduce our impact, visit the Environment & Society section of our website www.unilever.com. See page 17 for a description of our data parameters.

Unilever manufacturing performance 1999–2003 and targets: reductions in load per tonne of production.



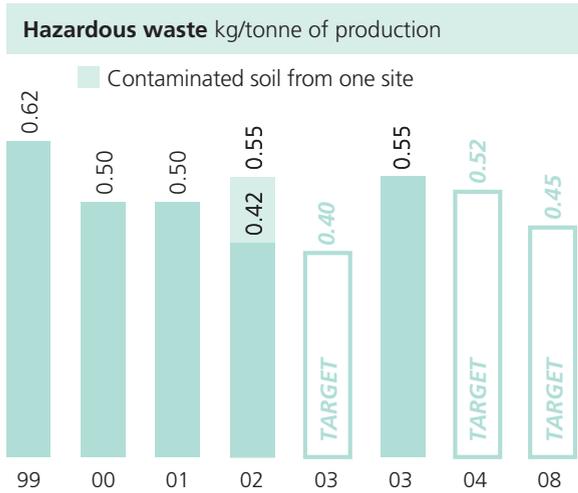
The total COD load per tonne of production decreased by 9.2%, achieving our target. Five sites reduced their COD by more than 500 tonnes and a further 25 sites by more than 100 tonnes (on 2002 data). This was achieved by better control of processes which reduced losses, and by improving on-site effluent treatment.

The amount of COD sent to the aqueous environment continues to decrease. Over 90% of the total COD leaving our sites is subsequently treated in municipal works. We estimate that 89.3% of this COD is removed, which means that the COD reaching the aqueous environment is significantly less than the total COD leaving our sites.



Total water consumption per tonne of production was down by 13% in 2003, achieving over double our target reduction of 5.9%. Seventeen sites reduced their water consumption by more than 100,000m³. Reduction was due to increased recirculation of water in barometric cooling water systems and improvements in eco-efficiency. Almost half the water used by our factories is not of drinking quality and a large proportion is only used once for cooling and is not contaminated.

Key performance trends *continued*



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

We missed our hazardous waste target. There was, however, a small reduction (from 0.553 kg/tonne in 2002, to 0.551 kg/tonne in 2003). The target was missed largely because of:

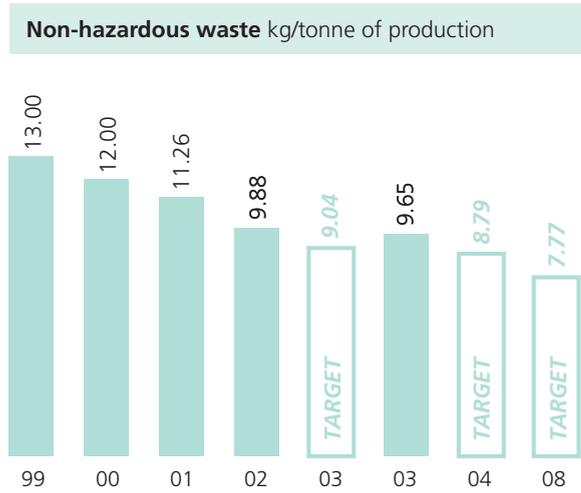
- Increased manufacturing complexity, which requires more product changeovers and extra cleaning of equipment. This leads to an increase in effluent treatment plant sludge

- Tightening of the legal definitions of hazardous waste

- Non-optimum processing at certain sites, resulting in increased disposal of hazardous waste

- Improved reporting of hazardous waste generation.

Of the total waste from our sites that is sent for disposal (i.e. is not recycled), hazardous waste comprises 5.4% with non-hazardous making up the remainder. We intend to focus on decreasing both hazardous and non-hazardous waste.



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

Despite achieving reductions in non-hazardous waste, we did not meet our target of 9.04 kg/tonne. This was largely due to:

- The malfunctioning of an effluent treatment plant in Europe which necessitated some offsite incineration of effluent

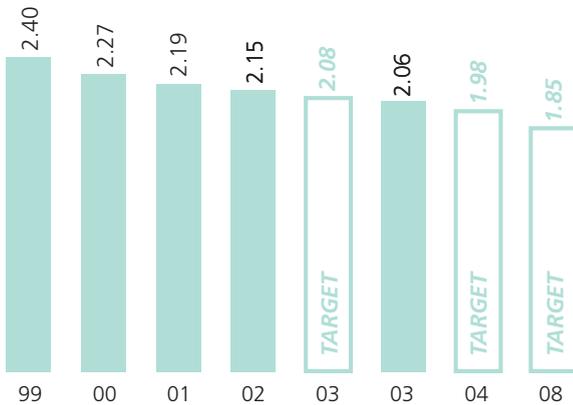
- Non-optimal processing of a waste stream at a specific site (this is being addressed)

- Tightening of legislation impacting on waste streams that were previously recycled

- Development trials for new products.

In 2003, 85.4% of our total waste (non-hazardous and hazardous) was sent for recycling.

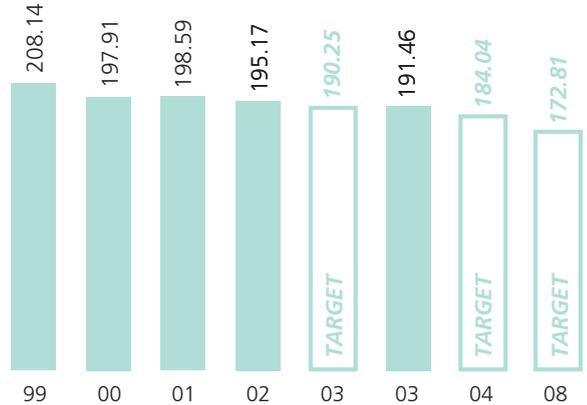
Energy GJ/tonne of production



We exceeded our energy consumption target by 0.02GJ/tonne. 53 sites reduced their energy consumption by more than 20,000GJ and a further 29 sites by more than 10,000GJ. This was largely due to:

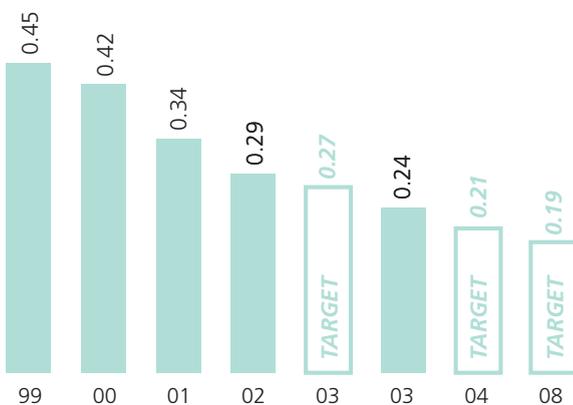
- Improved process efficiency of our spray-drying operations in Africa and Europe
- Reduction of energy losses through improved controls and implementation of loss reduction programmes
- Targeted energy reduction programmes within certain Business Groups (e.g. HPC North America).

CO2 from energy GJ/tonne of production



Despite having achieved a decrease in CO2 from energy, we narrowly missed meeting our target because of changes in the mix of fuels used in energy generation. Energy sources account for 93% of the greenhouse gas emissions from our manufacturing sites. In 2003, approximately 11% of our total energy consumption was generated from renewable energy. Our sources of renewable energy include wood/biomass from plantations, hydro and wind power.

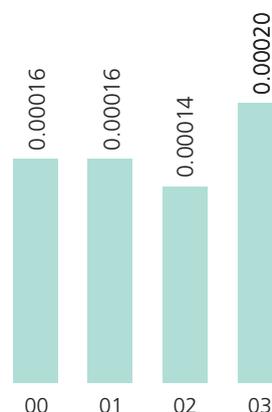
Boiler/Utilities SOx kg/tonne of production



Our target was exceeded, achieved by using less fuel oil (heavy and light) at our factories. NOx emissions have also declined since 1999 because of lower fuel consumption and the relatively higher usage of natural gas (produces less NOx).

SOx emissions from sulphonation are about 0.2% of the SOx load emitted from our boilers and are separately reported in the Environment & Society section of our website (see 'Additional data').

Ozone-depleting potential kg/tonne of production



We measure the amount of ozone-depleting gases (CFCs, HCFCs and mixtures) in refrigeration and air conditioning systems at our sites, and assess the losses each year. The emissions are expressed as kg CFC-11 equivalent. In 2003, the amount of ozone-depleting gases increased on 2002 data, primarily due to two instances of malfunctioning refrigeration systems and improved reporting of these data by the sites. For more information on our work in reducing our ozone-depleting potential see: www.unilever.com/environmentsociety/environmentalissues.

Environmental impact

In 2003, our total environmental impact from our manufacturing sites decreased for most of our key performance indicators. See notes in charts on pages 13–15 for greater detail.

Unilever manufacturing performance 1999–2003: trends in absolute load to the environment.



Environmental prosecutions and fines

	Number of sites in Unilever	Number of sites reporting	Number of fines	Total cost of fines (€)
1999	449	449	2	4,860
2000	435	435	8	45,814
2001	472	464	9	19,222
2002	409	408	2	1,939
2003	384	383	6	3,749

In 2003, we relaunched our Safety, Health and Environment (SHE) Standard for serious incident reporting which covers notification of prosecutions. The table above is a summary of penalties incurred for infringement of environmental regulations. The prosecutions and fines cover our manufacturing sites (376) and our corporate head offices and research laboratories (eight). The

number of manufacturing sites in Unilever is constantly changing because of acquisitions, disposals and closures. The six fines in 2003 were because of effluent and waste management breaches (4), exceeding regulatory limits for liquid effluent at one manufacturing site, and environmental noise issues at one site. Our aim is to reach 100% compliance.

Data parameters

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

Total COD (Chemical Oxygen Demand, tonnes)

COD represents the ingredients and product lost from our manufacturing processes, and mainly arises during cleaning operations. COD is widely used by regulatory bodies to control industrial wastewaters, and to calculate the correct level of charges for downstream municipal wastewater treatment, which is designed to remove most of the COD before the wastewater is discharged to the environment. The Unilever COD data represent the load discharged from the factory. The data do not make any allowance for the fact that based on individual site data we estimate a further 89.3% of this material is removed in municipal wastewater treatment plants. Consequently the COD load which actually reaches the environment is much lower.

Total water consumption (m³)

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

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

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

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

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

Boiler/Utilities SO_x (tonnes)

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

Scope and quality of data

Scope

In 2003, 375 manufacturing sites reported environmental performance data. These were located in 71 different countries. There were 10 new sites reporting. Thirty-five existing sites were sold or closed and most of these did not report. One site (Trituraf in Côte d'Ivoire) did not report.

We also collect data from our corporate head offices and research laboratories (eight sites) on environmental prosecutions and fines (none in 2003).

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

Quality

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

Highlights for 2003:

99.7% of sites reported environmental data

98% of sites reported on all key environmental parameters, apart from COD

94.7% of sites reported COD data

Further guidance and training was given to the Business Groups for validating and reporting environmental performance data

Reports were prepared for the Divisions and Business Groups using the web-based reporting tool. These were used to compare site data and highlight key areas for improvement.

Progress against targets

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

For example, about 100 new sites were added after the merger with Bestfoods in 2001 and 45 DiverseyLever sites were divested in 2002. In 2003 a total of 35 sites were sold or closed. Often there are also significant changes in the mix of products made at our manufacturing sites. This makes target setting difficult, particularly for new sites. We have developed training programmes to further integrate environmental target setting into the overall planning for the sites and Business Groups.

As we advance, the scope diminishes for further dramatic improvement in our environmental performance. We remain firmly committed to setting stretching targets to drive improvement, and where these are not met reviewing the reasons. See the notes under the individual charts on the previous pages which explain performance against each particular target.

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

Eco-efficiency in manufacturing

Target	Performance	Target reduction 2003 %	Actual reduction 2003 %
COD	Target met	7.7	9.1
Hazardous waste	Not met	28.6	0.4
Non-hazardous waste	Not met	8.5	2.3
Water	Target met	5.9	13.0
Energy	Target met	2.9	4.1
CO ₂ from energy	Not met	2.5	1.9
Boiler/Utilities SO _x	Target met	7.9	17.2

Eco-efficiency in innovation

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

Sustainable resource use

Target	Performance	Comments
To define standards for sustainable agriculture based on the findings from our Lead Agriculture Programmes on peas, spinach, tea, tomatoes and vegetable oil	On track	<p>Sustainable agriculture protocols for all our key crops (palm oil, peas, spinach, tea and tomatoes) published as Sustainable Good Agricultural Practice Guidelines (GAP guidelines). Roll-out to our growers, in co-operation with other partners, started during 2003.</p> <p>First steps taken to extend agriculture initiative to all major vegetable oils.</p>
To source all fish from sustainable sources by 2005	Making progress but unlikely to meet the target	<p>At the end of 2003, we bought over half of our fish from sustainable sources (assessed against our internal sustainability criteria, based on the UN Food and Agriculture Organisation's (FAO) Code of Conduct for Responsible Fisheries). By 2005 we expect the figure to rise to three-quarters.</p> <p>In 1998 we started systematic screening to assess our whitefish (groundfish such as cod, hake, pollock) suppliers against FAO guidelines. In 2003 we reached the stage where the checks and rechecks are continual.</p>
To define our water imprint on a regional and product category basis and use this in developing partnership programmes for clean water stewardship	On track	We have completed life-cycle assessments of our water use. These show water use differs between our two Divisions. Most of the water used in Foods is in agriculture, whereas most of the water in Home & Personal Care is used by consumers. We continue to work with many partners in support of the more sustainable use of water.

Verifier's statement

Verification Objectives and Scope

URS Verification Ltd (URSVL) was commissioned by Unilever to provide an independent verification of selected environmental data and related claims presented on the Unilever website (<http://www.unilever.com> under the Environment and Society section) and in the Environmental Report 2003. The scope of this statement is the Environmental Report 2003, a further statement which covers the website will be produced once the website has been updated.

Key objectives of the verification included reviewing the:

- transparency and completeness of the environmental information reported;
- effectiveness of data collection systems;
- accuracy of environmental performance data at a sample of sites; and
- implementation and communication of environmental strategy.

Responsibilities of Directors and Verifiers

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

Verification Method

The approach followed by URSVL is aligned to ISO/IEC Guide 66 and International Accreditation Forum (IAF) Guidance to this document (IAF GD 6:2003). These are international frameworks outlining the general requirements for bodies operating independent assessment and certification/registration of environmental management systems. URSVL environmental auditors conducted the verification process following the general principles of environmental auditing and audit procedures as contained within the international standards, ISO 19011. We have also embedded in our approach certain principles of the Global Reporting Initiative (GRI) and the assurance element of AA1000, an accountability framework.

Unilever has determined a three-year cycle for verification and URSVL has responded with the development of an

appropriate sampling strategy. This year the scope comprised:

Verification of quantitative data from twelve sites identified as being significant contributors to Unilever's environmental footprint, representing 5–8% of the impact from key parameters;

Review of third party certification audit reports on environmental management systems from a further seven sites;

Interviews at a corporate and Business Group level; and

Interviews focusing on Unilever's sustainable agriculture programme.

The site sample and Business Group interviews focused on three Business Groups (HPC Asia, Foods North America and Foods Europe).

Opinion

Transparency and Completeness

It is URSVL's understanding that Unilever's environment report is intended to cover only its key environmental strategies, management systems and performance data. Of the subjects reported in this document, it is URSVL's opinion that the text and data have been presented in a fair and balanced manner.

Unilever's emerging stakeholder programme has made an encouraging start and as this programme develops we look forward to stakeholder opinion having a greater influence on the issues covered in this written report and the process for this being presented in a transparent manner.

We welcome Unilever's action in re-launching the revised standard for reporting Serious SHE Occurrences which should enable more complete coverage of its environmental incidents in future reports.

Accuracy

The environmental performance reporting system is effective, generating data which when aggregated at a corporate level is generally accurate and reliable. The system is well embedded in business processes, with a high level of engagement noted at most sites and business groups. However, at a small number of sites reviewed, the level of commitment to the environmental performance reporting process could be improved. Minor gaps in meeting

corporate requirements for environmental monitoring were also identified at some sites. However, in URSVL's opinion this is unlikely to have a significant impact on the aggregated corporate dataset contained in this report.

There continue to be minor inefficiencies in the systems or processes used for the collection and management of data at a number of the sample sites. We noted some minor errors in calculation and one error which was significant at a divisional level and has been subsequently corrected with the revised figure used in the report.

URSVL welcomes the changes in validation process within Unilever at Business Group and corporate level which should drive continuous improvement in data accuracy.

Environmental Strategy

We note that progress has been made in implementing the Unilever strategy and commend in particular the following initiatives:

- Externally facilitated workshops to obtain a better understanding of environmental issues that stakeholders could associate with certain brands;
- Establishment of a programme of informal stakeholder engagement sessions;
- Increased focus to drive environmental management processes into Unilever's supply chain; and
- Alignment of LCA expertise and systems, which will assist the continued drive to embed eco-innovation within business decision making.

URSVL would, however, note that the reporting of progress on the delivery of the strategy could be more transparent if indicators were set against which performance could be tracked. We also note that there is no published timetable for the implementation of the strategy.

During 2003, Unilever conducted a strategic review of the sustainable agriculture initiative. This confirmed that the majority of the initiative's original goals had been achieved. We commend the commitment to continuing this initiative, in particular with its extension to agricultural supply chains where Unilever has less control or influence.

Suggestions for Improvements

We invite Unilever to consider:

How to encourage adoption of the high standards of data collection and validation noted in most parts of the organisation reviewed, within all relevant sites and Business Groups;

The benefits of establishing a clear timetable and indicators to enable tracking and reporting of progress towards implementing the company's environmental strategy;

How the outcomes of its emerging stakeholder engagement can influence and shape reporting priorities, and how to demonstrate this process in a transparent manner; and

The benefits of increased reporting of good practices (e.g. case studies) which exist within Business Groups across Unilever.



David Westwood
Director

For and on behalf of URS Verification Ltd,
London, April 2004



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

Unilever response to verifier's statement

As a result of our review/tendering process, we have reappointed URS Verification Ltd (URSVL) as verifiers for a period of three years. They will continue their programme of verifying our environmental performance on a rolling basis covering each of our global business areas. As the verifiers indicated, they have focused on our environmental strategy, management systems and data collection programme and it is gratifying to see an acknowledgement of the continuing progress we have made in these areas.

URSVL conclude that the report text and data included in our 2003 Environmental Report has been presented in a fair and balanced manner. In addition URSVL have welcomed the developments in our stakeholder programme and the relaunch of our SHE Standard for serious incident reporting. They have identified areas where we can improve and we will take this on board in our programme for 2004/2005.

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

We will continue to maintain our performance in data collection and validation and look for ways to further improve this at site and Business Group level.

As part of our Environment Strategy, we will consider appropriate performance indicators to monitor successful implementation against an agreed timetable.

The informal stakeholder engagement referred to by the verifiers is in addition to our well-established, formal stakeholder dialogue. We will continue to engage in dialogue with our stakeholders in order to shape our future approach to reporting.

We will look for ways to improve the reporting of good environmental practices within the business.

Although we publish the Environmental Report annually, we regularly update the pages of the Environment & Society section of www.unilever.com. Check these to follow our progress.

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Print: Scanplus
Paper: Black Label Satin

Online links and publications



unilever.com
www.unilever.com/enviromentsociety/
environmentalreporting for details.



Summary social review
Listening, learning, update
on progress (2003)



**Meeting everyday needs
of people everywhere**
Unilever Annual Review
and Summary Financial
Statement (2003)



**Global challenges:
local actions**
An Overview of Unilever's
Approach to Environmental &
Social Responsibility (2003)



**Listening, learning,
making progress**
Social Review of 2001
data (2002)

UNILEVER SUSTAINABILITY INITIATIVES



Growing for the Future II
Unilever and Sustainable
Agriculture (2002)



Fishing for the Future II
Unilever's Fish Sustainability
Initiative (FSI) (2003)



Unilever and Water
Towards sustainability
(2003)



SWIM - Water for the Future
Through working with our
partners (2003)



Living Lakes
Guidelines and case studies for
improving lake management
(2003)

UNILEVER SUSTAINABLE AGRICULTURE INITIATIVES



Tea - A Popular Beverage
Journey to a Sustainable
Future (2002)



Palm Oil
A Sustainable Future
(2001)



**In Pursuit of the
Sustainable Pea**
Forum for the Future in
collaboration with Birds Eye
(2002)



***Growing for the Future**
Spinach: For a Sustainable
Future (2003)



***Growing for the Future**
Tomatoes: For a Sustainable
Future (2003)

GOOD AGRICULTURAL PRACTICE GUIDELINES



Sustainable Tea
Good Agricultural Practice
Guidelines (2002)



Sustainable Palm Oil
Good Agricultural Practice
Guidelines (2003)



***Sustainable Vining Peas**
Good Agricultural Practice
Guidelines (2003)



***Sustainable Spinach**
Good Agricultural Practice
Guidelines (2003)



***Sustainable Tomatoes**
Good Agricultural Practice
Guidelines (2003)

*Available in English, German and Italian • Available in English and Portuguese



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