ENVIRONMENTAL PERFORMANCE SUMMARY REPORT

2002 Report on 2001 Data

Unilever

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This is a brief description of the way we manage environmental issues – including our sustainability initiatives in agriculture, fish and water – and an overview of our environmental performance in 2001. Further detailed information about Unilever and the environment is on www.unilever.com in the Environment & Society section.

WHO WE ARE

Unilever is one of the largest consumer goods businesses in the world. In 2001, we employed 265,000 people and our turnover was €52,206 million (see chart below).

Our food and home and personal care brands are on sale in over 150 countries. By the very nature of our business in cleaning, grooming and feeding people, our success depends on our companies being close to consumers and deeply rooted in the societies and environments in which we operate. More than two-thirds of our raw materials come from agriculture.

We have an extensive range of outstanding consumer brands. *Lipton* tea and *Dove* soap are among the world leaders. Others with wide appeal are *Becel*, *Cif*, *Knorr*, *Lux*, *Magnum* and *Omo*. We will increasingly focus on 400 leading brands that have distinctive consumer appeal.

Unilever is divided into two global divisions, one focuses on Foods and the other on Home & Personal Care products. These divisions both contain many operating companies which remain the fundamental building blocks of today's Unilever. They serve distinctive local markets with a wide range of consumer products and do business within a framework of considerable devolved responsibility – we call ourselves a multi-local multinational.

All companies must, however, comply with Unilever's environmental management standards that apply across the group.

Group turnover and operating profit (million)

	€ 1999	€ 2000	**€ 2001**	£ 1999	£ 2000	**£ 2001**	$ 1999	$ 2000	**$ 2001**
Group turnover	41,262	48,066	**52,206**	27,182	29,258	**32,472**	43,954	44,254	**46,740**
Group operating profit	4,345	3,359	**5,258**	2,863	2,044	**3,270**	4,629	3,092	**4,707**
Group operating profit BEIA*	4,637	5,794	**7,269**	3,055	3,525	**4,521**	4,940	5,334	**6,508**

**BEIA – Before exceptional items and amortisation of goodwill and intangibles*

SRI and performance indexes

Unilever is included in two stock market indexes, the FTSE4Good and the Dow Jones Sustainability Indexes (where we continue to rank best in sector). In the 6th Business in the Environment Index – an annual survey of corporate environmental engagement – we were ranked second overall and first in our sector.

MESSAGE FROM THE CHAIRMEN

With more than two-thirds of our raw materials sourced from agriculture, we are acutely aware that the survival of much of our business depends on a healthy and productive environment. This is why we have been reducing the environmental impacts in manufacturing and are tackling issues in the wider supply chain.

Last year – 2001 – was a time of significant change in our manufacturing operations and it has underlined the challenge of setting targets to achieve continuous improvement in environmental performance. We continued to improve our eco-efficiency performance in most areas, but we did not meet all our ambitious targets. We are confident we will be back on track next year.

Reducing impacts all along the supply chain means working with many stakeholders and, we believe, sharing learning with others. This is the only way that the whole supply chain can become more sustainable.

We focus on three sustainability initiatives in agriculture, fisheries and water. There has been good progress in developing sustainable agriculture guidelines for the crops in our programme. We are now sharing this information to encourage others, so that sustainable agriculture can become the norm worldwide.

Despite the challenges involved, our sustainable fisheries initiative is making good progress, as is reflected by the introduction of certified New Zealand hoki in some of our European frozen fish products. This is an important step in helping to reduce the pressure on cod and other depleted white fish stocks. We work closely with the independent accreditation organisation, the Marine Stewardship Council.

Antony Burgmans (left) and Niall FitzGerald

Water plays a critically important part in everything we do and we fully support global efforts to improve the conservation of clean water. These efforts continue at all levels, from sponsorship of river clean-up in local communities to high-level international initiatives such as the Business and Industry CEO Panel on Water.

Our updated Code of Business Principles reconfirms our commitment to build a sustainable business. These commitments need to be delivered in parallel with many other business priorities. We appreciate the talents and enthusiasm of the many people in our business who are taking this forward.

Antony Burgmans and Niall FitzGerald
Chairmen of Unilever

UNILEVER AND SUSTAINABLE DEVELOPMENT

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

We believe that by constantly evolving to meet consumers' changing needs, we can continue to develop our business in both a profitable and responsible way.

Our corporate behaviour involves the responsible management of a multiplicity of relationships with stakeholders, such as employees, consumers, shareholders, suppliers, governments and local communities. Engaging with different interest groups is integral to the way we operate. We do this at significant management levels, from strategy and policy-making to community initiatives.

For example, an 11-person board of independent experts monitors our sustainable agriculture initiative, which itself is based on extensive stakeholder involvement to develop performance indicators in the field. Such engagement is also the basis for our fish and water initiatives, which depend heavily on partnerships for their success.

We work with many business organisations and we were one of the founding signatories to the United Nations Global Compact which binds us to nine principles covering human rights, labour and environmental practice.

Our commitment to corporate responsibility is an integral part of our operating tradition. It is spelled out in our revised Code of Business Principles and in our Corporate Purpose. It finds practical expression in the worldwide standards we have set to ensure quality and safety of Unilever people at work and to minimise the environmental impact of our operations.

To complement this summary and the related web-based environment report, we produce a Social Review on Unilever.com, which sets out Unilever's approach to responsible corporate behaviour.

Sustainability initiatives

We use a life cycle approach to assess our overall impact on the environment. This enables us to analyse our impacts and to concentrate on those areas where we can bring the greatest benefits.

Besides our strict environmental management standards, we realise that many issues that affect us are outside our direct control – either at the beginning of the supply chain or at the end. This is why we focus on three areas that are directly relevant to our business but which go beyond our own operations: agriculture, fish and water.

> Agriculture

Modern farming has delivered significant gains in productivity, but there are concerns about the effects of large-scale 'inputs' – fertiliser, pesticides and fossil fuels among them – on the natural systems on which agriculture depends.

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

In a highly ambitious programme, engaging with a broad group of stakeholders, we have been developing standards for sustainable farming practice. Guidelines have been agreed for palm oil and tea – those for peas and spinach will follow shortly. Guidelines for tomatoes are expected in 2003. These and subsequent guidelines will be made public on a website now under construction. Our progress has attracted interest from the world's other major food producers, with whom Unilever is keen to share its learning.

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> 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. Some fish species are in short supply and prices are higher than they have been for over a decade. Incomes and jobs are threatened and consumers are alarmed about the future of the fish they rely on to feed their families.

We have a programme of co-ordinated actions across Unilever's frozen and other fish businesses that aims to meet our objective to source all supplies from sustainable fisheries by 2005. Unilever companies are working closely with the fish supply industry, helping it move towards certification standards set by the Marine Stewardship Council (MSC). We use New Zealand hoki in parts of Europe, sourced from fisheries certified to be well managed by the MSC.

> Water

We share the international community's concern for the world's water systems, which are under heavy pressure. Consumers need clean water to use our products and many of these end up in waste water. Agriculture needs water for irrigation and certain farming practices can affect water quality as well as availability. Our factories use water for processing and produce effluent that must be cleaned before it is discharged to rivers and seas.

In our clean water initiative, as in other areas, we work with partners to achieve maximum impact and to help assure the future availability of clean, potable water. Central to this are projects to recover and conserve natural resources and partnerships to build and share knowledge about efficient management and protection of water quality. In 2001, working with Forum for the Future, we published a booklet on the management of water catchment areas, using the Sustainable Water and Integrated Catchment Management (SWIM) principles. This is a practical management tool developed with an international panel of water experts to focus on sustainable local water management projects. We remain a major sponsor of the Living Lakes programme managed by the Global Nature Fund which restores and protects lakes in four continents.

Our Co-chairman, Antony Burgmans, chairs the Business and Industry CEO Panel on Water, made up of chief executives from international companies. The panel, which was formed in 2000 to present an industry perspective at the World Water Forum II, will attend the third forum in Kyoto, Japan to be held in March 2003.

For more detail, visit sustainability initiatives at Unilever.com.

EXECUTIVE RESPONSIBILITIES AND ENVIRONMENTAL MANAGEMENT

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

Our strategy focuses on achieving its goals through eco-efficiency, eco-innovation and our three sustainability initiatives in agriculture, fish and water. 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 hold strategic responsibility for environmental issues, with overall operational responsibility located in the Foods Division and Home & Personal Care Division.

Daily responsibility for environmental issues rests with the operating companies. These are supported by:

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

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

In 2001, we had five external advisors in the UEG who contributed valuable independent views on our plans and advised on emerging and long-term environmental issues. Advisors met twice as part of the UEG and individually with senior management and scientists.

The advisors in 2001 were:

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

> **Rajendra Pachauri**, Director of the Tata Energy Research Institute in India

> **Jonathon Porritt**, Programme Director of Forum for the Future

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

> **Pieter Winsemius**, Senior Partner at McKinsey and Co.

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

Management systems

All Unilever companies must comply with Unilever standards for occupational health and safety, environmental care and consumer safety.

Our environmental management systems, which operate at all levels in Unilever, are designed to achieve continuous improvement and are compatible with international standards.

During 2001, additional specific standards were introduced for Unilever third-party manufacturing, safety, health and environment (SHE) management systems auditing / positive assurance, environmental performance reporting and for the notification and investigation of SHE incidents.

The standards are supported by detailed guidance documents, covering areas such as environmental aspects evaluation, incident investigation and audit protocols to assess compliance with the SHE framework standards.

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

We are committed to eco-efficiency – improving the environmental efficiency of our manufacturing operations, and to incorporating environmental factors in the design and re-design of our products – eco-innovation.

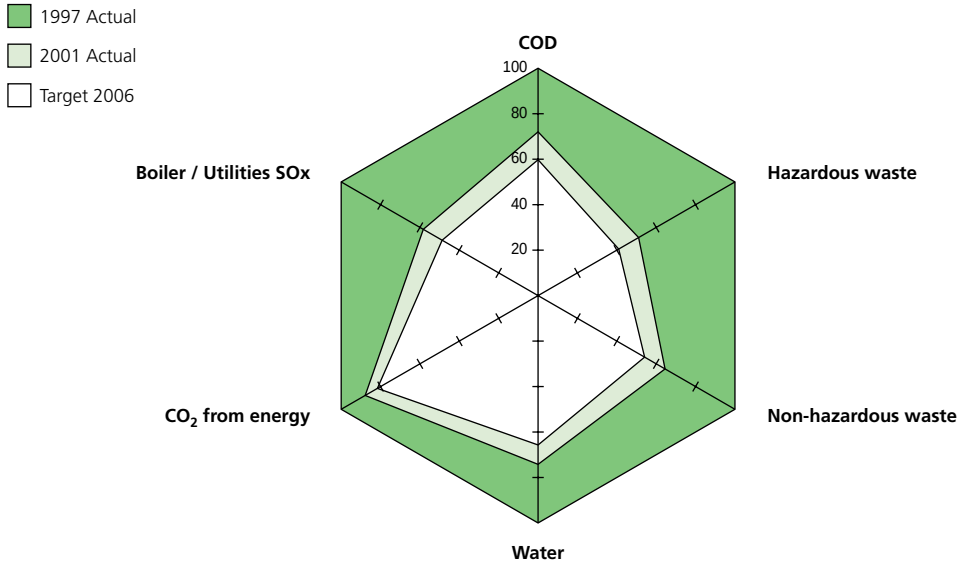
Working with the Cambridge Programme for Industry and Forum for the Future, we are developing an innovative sustainability learning project to help managers understand the issues and opportunities, particularly in product development and the supply chain.

Our target is to have all our lead sites certified to the International Standards Organisation's ISO 14001 environmental management systems standards by 2003. During 2001, a further 21 sites achieved ISO 14001 certification. During this period 13 certified sites were closed. At the end of 2001 we had a total of 111 certified sites.

SUMMARY OF ENVIRONMENTAL PERFORMANCE

This is a summary of our environmental performance over the last five years. The graph shows the overall improvement (%) since 1997 and our five-year targets to 2006. The table shows the load per tonne of production for the last five years.

Reduction in load per tonne of production since 1997 - target for 2006
(expressed as % of the 1997 figures)



Load per tonne of production 1997 - 2001

Parameter	Units	1997	1998	1999	2000	2001
COD	kg / tonne	3.23	2.96	2.79	2.50	2.33
Hazardous waste	kg / tonne	0.98	0.66	0.62	0.50	0.50
Non-hazardous waste	kg / tonne	17.46	14.86	13.00	12.00	11.26
Water	m^3 / tonne	6.79	6.54	6.06	5.43	5.04
Energy	GJ / tonne	2.69	2.57	2.40	2.27	2.19
$C0_2$ from energy	kg / tonne	226.08	217.16	208.09	197.91	198.52
Boiler / Utilities SOx	kg / tonne	0.59	0.55	0.45	0.42	0.34

Note: Our environment report shows our energy use as well as the resulting CO_2 emissions. Since 1999 we have focused on global warming potential and this is why our targets are expressed in terms of CO_2 from energy as well as energy consumption. CO_2 from energy accounts for 94% of our manufacturing greenhouse gas (GHG) emissions. See climate change on Unilever.com for more detail.

ENVIRONMENTAL PERFORMANCE

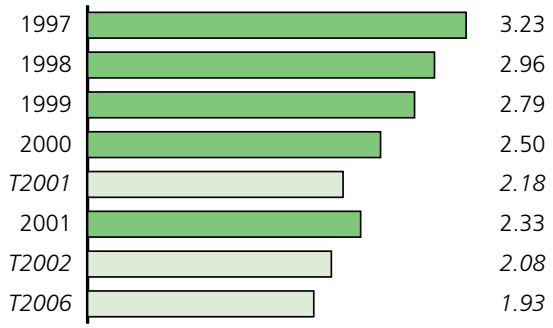
Key Performance Trends

Here are the trends in our key performance indicators to the end of 2001. For details on the issues and actions we have taken to reduce our impact, visit environmental issues on Unilever.com.

Unilever manufacturing performance 1997-2001 and targets: reductions in load per tonne of production

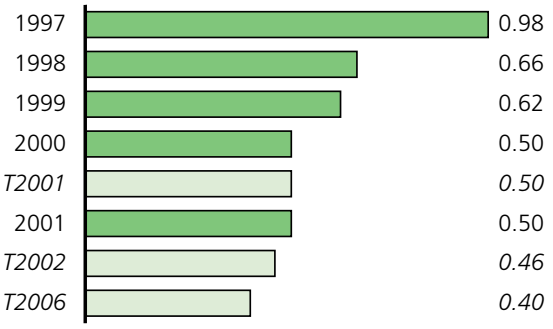
Actual Target

COD kg / tonne of production



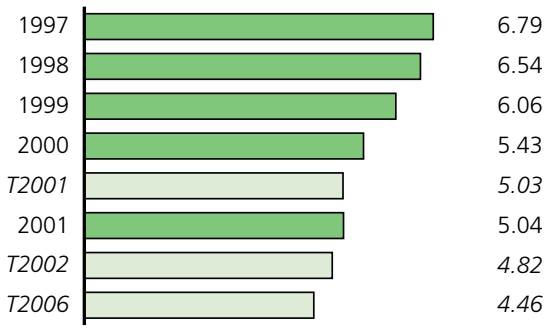
This chart shows the total COD leaving Unilever's facilities. This consists of COD sent to municipal treatment works and that directly discharged to the environment following onsite treatment. Over 90% of the total COD load discharged from our sites is treated in municipal treatment works which results in reduced impact on the environment. Total COD load was down 6.8% in 2001. We failed to meet our reduction target of 12.7% for two main reasons. First, a large food factory began measuring COD for the first time in 2001. Second, some sites switched from on-site treatment to municipal treatment, reporting a larger COD because treatment occurs off site. COD discharged directly to watercourses was down by over 60% in 2001 – partly due to this switch and also because of additional on-site treatment. See data in detail on Unilever.com for separate data and page 12 for parameters.

Hazardous waste kg / tonne of production



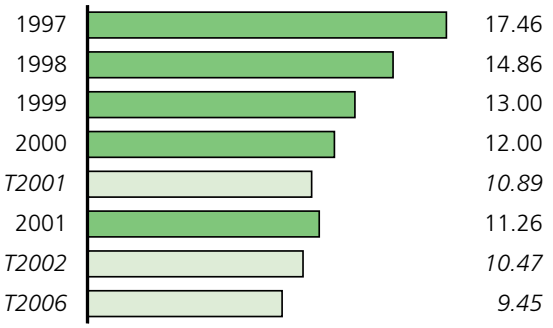
Hazardous waste disposal reduced slightly by 0.2% in 2001, reaching our target. A small number of factories produce most of the hazardous waste, either because of the type of products made, or because of the way wastes are classified in a particular country. Our target is to reduce hazardous waste by 8.6% in 2002.

Water m^3 / tonne of production



Total water consumption was down by 7.2% in 2001, marginally missing our target (7.3%). Over half used by our factories is not of drinking quality and a large proportion is only used once for cooling and is uncontaminated. We made significant water savings in 2001 by reducing use of non-drinking water by 16% and by re-circulating cooling water. Consumption of drinkable water increased slightly in 2001, partly because of production changes at a number of our manufacturing sites and restructuring following the Bestfoods merger.

Non-hazardous waste kg / tonne of production



Non-hazardous waste was down by 6% in 2001. We missed our target (9.3%) mainly because some new sites produce relatively large amounts of waste. Furthermore, several established sites did not perform well in 2001, partly because of operational changes and restructuring following the Bestfoods merger. But many sites did well, with 15 each reducing waste disposal by over 1,000 tonnes and a further 55 sites across 34 countries reducing by more than 100 tonnes. We have continued to reduce the amount of liquid effluent taken for disposal by tanker. More waste is now recycled or reused – eg several sites in Africa have recycled more of their waste from palm oil processing.

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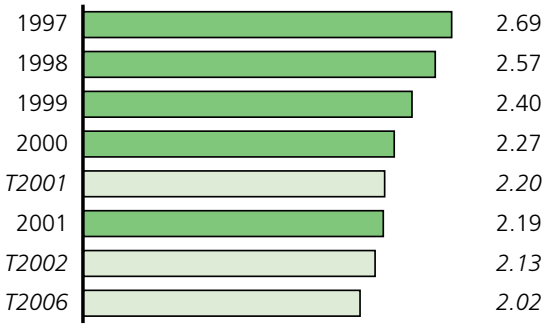
Key Performance Trends

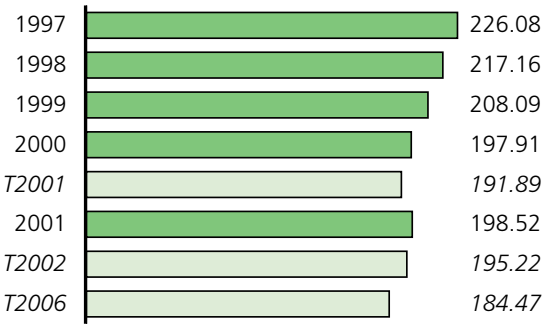
Unilever manufacturing performance 1997-2001 and targets: reductions in load per tonne of production

Actual Target

Energy GJ / tonne of production

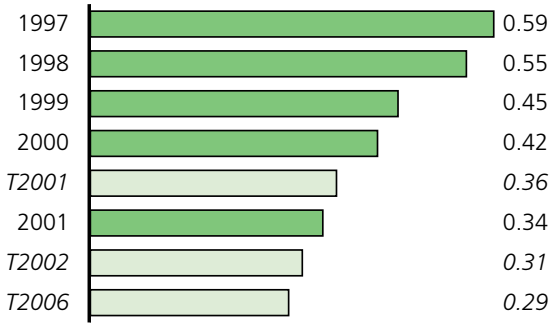


CO_2 from energy kg / tonne of production



Energy consumption was down by 3.7% in 2001, exceeding our target (3%). More than 70 of our sites reduced their energy consumption in 2001 by over 10,000 GJ. But CO_2 emissions from our energy consumption have increased slightly (0.3%) and our target (3%) was not met. This is because of subtle shifts in the source of energy used by our sites in 2001. For example, some in Brazil used diesel generators (higher CO_2 emissions than grid electricity which comes mainly from hydro) because of disruptions in the electricity supply. There was also an increase in biomass consumption, such as waste from sugar cane. These renewable fuels have relatively high CO_2 emissions per GJ – we have not compensated for renewables' low net CO_2 emissions.

Boiler / Utilities SOx kg / tonne of production



Boiler SOx emissions were down by 18% in 2001, reaching our target. This was achieved by the closure of a large coal-fired boiler at one site and reductions in the consumption of fuel oil by a further 70 sites. NOx emissions have also reduced since 1997 because of lower fuel consumption and the greater use of natural gas which produces less NOx.

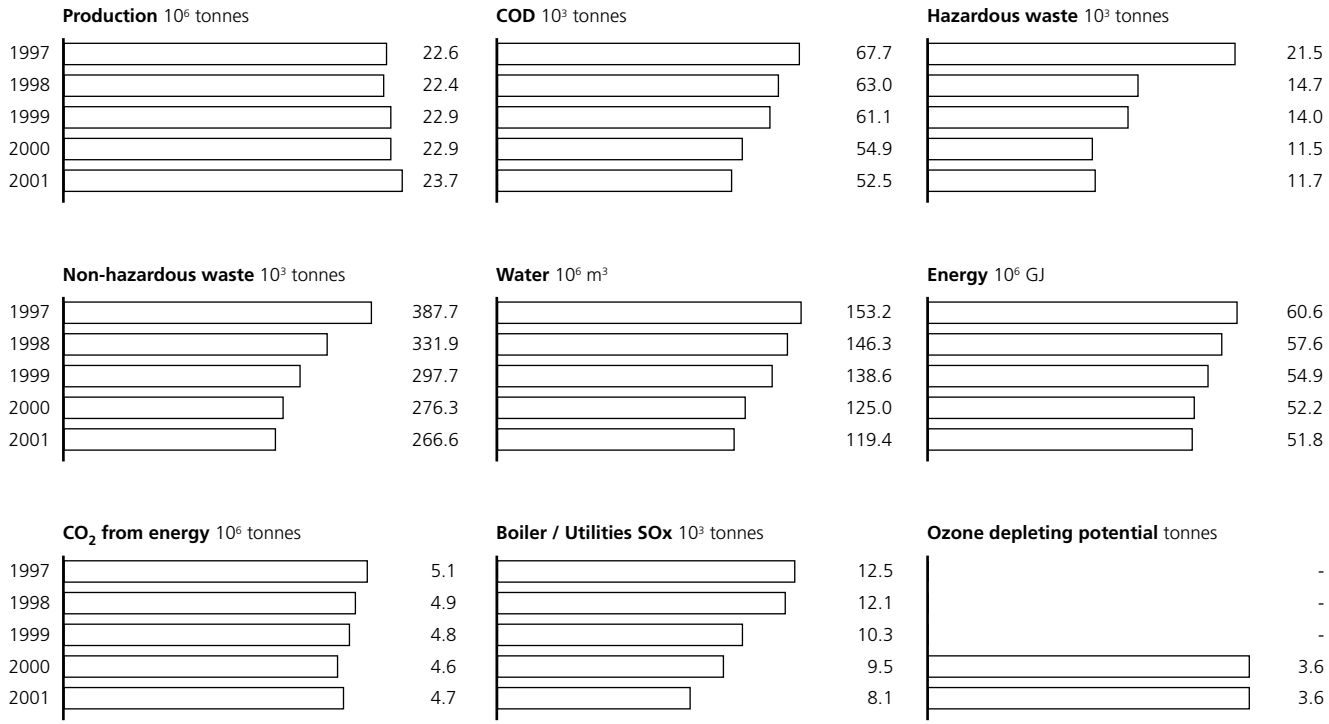
Ozone Depleting Potential

We started measuring the annual emissions of ozone depleting substances from our manufacturing sites in 2000. We measure the amount of these materials (CFC, HCFC and mixtures) held within refrigeration and air conditioning systems in our sites and assess the losses each year. The emissions expressed as CFC-11 equivalent were 0.00016 kg per tonne of production – a total of 3.6 tonnes in 2001.

Environmental Impact

Despite increased manufacturing production (up nearly 4%) the total environmental impact of most of our key performance indicators reduced in 2001. See notes in charts on pages 9 &10 for greater detail.

Key Performance Indicators



Environmental fines

	Number of Sites in Unilever	Number of Sites Reporting	Number of Fines	Total Cost of Fines
1997	534	502	25	€62,157
1998	495	473	16	€44,020
1999	449	449	2	€4,860
2000	435	435	8	€45,814
2001	472	464	9	€19,222

This is a summary of penalties incurred for infringement of environmental regulations. The fines in 2001 were due to exceeding limits in liquid effluent at three sites (five cases), three incidents where trade effluent was accidentally mixed with storm water discharges, and one case of disposal of prescribed waste at an unlicensed site. Our aim is to reach 100% compliance.

THE PARAMETERS WE USE

Six 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 the full manufacturing process, 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, and do not make any allowance for the fact that typically between 80%-90% of this material is removed in municipal wastewater treatment plants. Consequently the COD load which actually reaches the environment, and therefore contributes to nutrification potential, is much lower.

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.

Total water consumption (m^3)

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

Total energy consumption (GJ). CO_2 from energy use (tonnes)

Energy consumption per tonne of product is widely used as a manufacturing performance indicator. The global warming potential (expressed as tonnes CO_2) has then 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 SOx (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 (SO_2). Emissions of SOx contribute to acid rain potential.

PROGRESS AGAINST TARGETS

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

New factories are constantly being acquired (about 100 Bestfoods sites were added after the merger) or divested. Often there are also significant changes in the mix of products made in the factories. This makes target setting difficult, particularly for new sites. In some cases, environmental target setting is not yet part of overall planning for the Business Groups – improvements being made here will help achieve targets.

Nevertheless, significant reductions have been achieved in COD, non-hazardous waste and water use even though targets were not met. We met our target for energy used, but because of changes in the sources of energy, the CO_2 from energy target was not met. See the notes under the individual charts on pages 9 & 10 for the reasons why we did not meet particular targets. See also data in detail on Unilever.com.

Load per tonne of production 1997 - 2001

Target	Performance	Comments	
Eco-efficiency in manufacturing		**Target for Reduction for 2001 %**	**Actual Reduction %**
COD	Not met	12.7	6.8
Hazardous waste	Target met	0.2	0.2
Non-hazardous waste	Not met	9.3	6.2
Water	Not met	7.3	7.2
Energy	Target met	3.0	3.7
CO_2 from energy	Not met	3.0	-0.3
Boiler / Utilities SOx	Target met	13.7	18.0
Eco-efficiency in innovation			
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	In a number of product categories new tools are being piloted to help product designers to understand and reduce environmental impacts. These include qualitative screening, environmental check lists and web-based life cycle assessment. Design for Excellence, a programme that encourages designers to consider environmental issues and opportunities early in the innovation process, is being piloted across the Home & Personal Care Europe business.	
Sustainable resource use			
To source all fish from sustainable sources by 2005	On track	First products using fish from sources certified to Marine Stewardship Council standards now more widely on sale in Europe. Work continues with important fishing nations and suppliers.	
To define standards for sustainable agriculture based on the findings from our pilot projects on peas, spinach, tea, tomatoes and vegetable oil	On track	Pilot projects have been extended to include rape seed and sunflower seeds. Good-practice guidelines have been agreed for tea and palm oil – those for peas and spinach are expected soon. Guidelines for tomatoes are expected in 2003. These guidelines will be available on a website now under construction.	
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 continue to develop water imprint data. Published the SWIM brochure on water catchment management using the SWIM principles.	

SCOPE AND QUALITY OF OUR DATA

Scope

In 2001, 456 manufacturing sites and eight research laboratories and head offices reported environmental performance data. These were located in 77 different countries. There were 110 new sites reporting, including those from the Bestfoods merger. Eighty one existing sites were sold or closed and did not report. A further eight new manufacturing sites were unable to report for 2001.

Quality

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

Highlights for 2001:

> Single collection tool used for all manufacturing sites to simplify data gathering

> 98.3% of sites reported environmental data

> 99% reported on all key environmental parameters, except non-potable water and COD

> 95% reported for COD

> 97% reported on non-potable water

> Started collecting more detailed information on generation and use of renewable energy at our manufacturing sites.

VERIFIER'S STATEMENT

The 2001 data have been verified by URS Verification Ltd (URSVL). Their verification statement is published on Unilever.com (click on Environmental performance in the Environment & Society section).

Contact details

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

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