towards a better

environment

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SSL International plc

introduction

In an increasingly competitive market, being able to maintain and further improve our excellent reputation for providing customer satisfaction has been identified as an essential aspect of Company Policy. The Board believes that competitiveness is the key to the continued success of the Company. Our products must give obvious value for money and be at least as good as and preferably better than those of our competitors.

The Company is committed to reducing any negative environmental effects of its products and activities and increasing environmental awareness throughout the Company to reflect the concerns of employees, shareholders, customers, suppliers, local communities and regulators.

The contents of this report are regarded as Policy throughout the Company and therefore everyone in the Company must play their part in achieving our objectives and combining value-creating activities with environmental care. As committed participants in the Investors in People programmes in the UK, we are very aware that people are what the Company is about. Our people have taken the Company to where it is today, and will continue to drive us forward to new successes.

ICD Cater Chief Executive

Since Seton Healthcare Group plc, one of the founding companies of SSL International plc, became involved as one of the leading participants in the UK drive to develop environmental management systems, the Company has sought to make public its environmental policies and achievements. Each year since 1996, a leaflet has been produced for circulation at the annual Shareholders meeting displaying these.

This year, this document goes beyond previous practice and is a more comprehensive review of the performance of the Company. The intention is to share understanding of this important area of performance with shareholders, employees and other important stakeholders.

The structure of the report is as follows:

- Page 3 – a brief description of the Company and of its global scope.
- Page 4 – a statement of the Company's environmental policy.
- Page 5 – a note of the development of ISO14001 throughout the Company.
- Page 6 – a review of progress of product management.
- Page 7 – statements from some key business partners.
- Pages 8 to 14 – a review of key environmental impacts and objectives under headings set by the global environmental agenda.

The Company is an active supporter of the Business in the Environment Index of Corporate Environmental Engagement, which it sees as a key benchmark for its performance. It notes that it now occupies position 157 of the top FT 350 companies, a fallback from the position held by Seton Scholl Healthcare plc last year. This is entirely attributable to the recent merger. Good progress had been made by Seton Scholl Healthcare plc with its environmental management system. London International Group plc had not yet commenced its activities. Therefore combining the data for the newly merged Company brought the overall placing down from the position occupied by Seton Scholl Healthcare plc in previous years.

a global company

SSL International plc is a global medical and consumer healthcare company supplying medical devices, over-the-counter medicines, surgical supplies and family planning products to consumers and to supporting healthcare professionals. It has three major global brands – 'Durex', 'Regent Biogel' and 'Scholl' – as well as many other strong brands such as 'Tubigrip', 'Meltus', 'Resolve' and 'ProSport'. Its sector strengths encompass family planning products, footcare, medical gloves, wound management, OTC products, continence care and household and industrial gloves.

The Company has sales in excess of £700m. (13 months to March 2000) and fixed assets to the value of over £240m. It employs more than 7000 people internationally. Manufacturing takes place on 16 fully-owned sites in 7 countries, and on four Joint-Venture sites, three in India and one in China (see page 7).

SSL International plc was formed in 1999 by the merger of Seton Scholl Healthcare plc and London International Group plc. Seton Scholl Healthcare plc had been formed in the previous year through merger of Seton Healthcare Group plc and Scholl plc. Environmental management and data collection practices differed between the three parts from which it has been created so that comparable data over the years does not exist.

For this reason, in the following document, data for the financial year 1999-2000 is for the whole new Company, SSL International plc, data for 1998-99 is for Seton Scholl Healthcare plc, and data prior to that is from Seton Healthcare Group plc.

To give some basis for comparability and to help identify areas of concern, environmental data is compared for each year with the added-value created by the Company in that year to give a "Relative Pollution Index". It should not be taken too literally; it is a broad indicator of trends only. For further information or enquiries please call Graham Collyer – Technical Director or Ingrid Osterburg – Senior Quality/Environment Manager – on 0161 652 2222.

Added-value in each year is as follows:

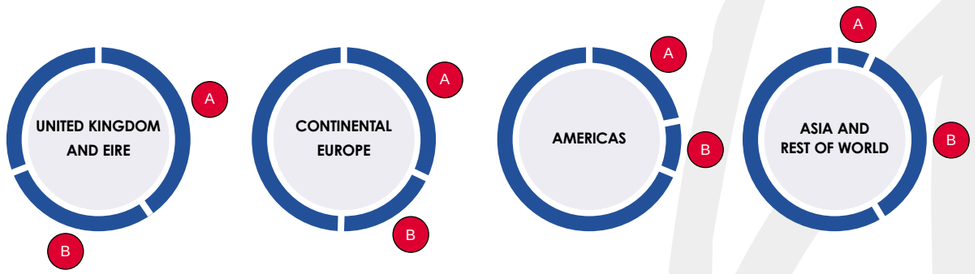
Year Company Added-value

1997-1998
Seton Healthcare Group plc.
£79.9m.

1998-1999
Seton Scholl Healthcare plc.
£244.2m.

1999-2000
SSL International plc.
£598.5m.
(13 months)

Global Split of Sales and Employment



A. Sales 41.7%
B. Employees 32.6%

A. Sales 32.0%
B. Employees 19.2%

A. Sales 18.3%
B. Employees 11.6%

A. Sales 8.0%
B. Employees 36.6%

environmental policy

SSL International plc is dedicated to producing high quality healthcare and personal protective products in the areas of condoms, medical gloves, wound care, dressing retention, compression therapy, infection control, orthopaedics, continence care, over-the-counter (OTC) products and household and industrial gloves which can safely fulfil customer needs and expectations.

The Company sees avoidance of pollution and other forms of environmental care in its operations as part of a commitment to health in the community.

It is the Company's policy:

- To maintain a management system, as defined by the globally recognised standard ISO 14001 by which its environmental policy is defined and delivered; to extend this management system to all sites in due course.
- To comply with all environmental legislation and regulations which cover its activities and products.
- To measure and keep records of its environmental impacts relating to climate change, ozone depletion, creation of wastes, air quality, water quality, habitat protection, and possible toxification of ecosystems.
- To promote wherever possible the sustainable use of natural resources and maintain fairness in its global environmental and social policies.
- To set targets to reduce these impacts on the environment, which reflect its commitment to continual improvement in environmental performance and to the health and well-being of the community, and review these rigorously.
- To publish objectives and targets in both internal and external newsletters or brochures
- To promote an open exchange of environmental information with customers and suppliers and work with them where appropriate to reduce any significant environmental impacts within its supply chains.
- To give training and raise the awareness of its employees about the need for environmental care in all its activities.
- To note best practice in its industry as a guide to setting levels of environmental performance which at least equal the best in the healthcare industry.
- To work within its trade associations to promote safe handling of healthcare products by users.

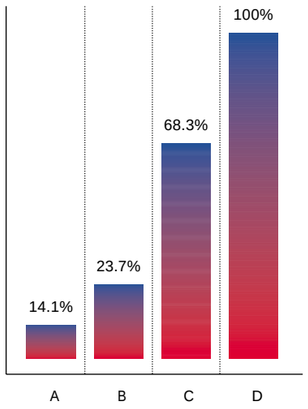
ICD Cater Chief Executive

GJ Collyer Technical Director

development of environmental management systems

The approach of SSL International plc is to use ISO 14001 to manage its operations, to obtain an overview of environmental performance and to minimise its environmental impacts. Seton Healthcare Group plc obtained its first environmental registration in January 1996 to BS 7750. This was converted to ISO 14001 in 1997 and the Company has been building its management systems on this basis since then.
It is the Company objective to extend its ISO 14001 system to include all fully-owned sites. Progress with ISO 14001 implementation is shown in the chart.

Registration Plans and Achievments



The percentages show the proportion of the workforce specifically covered by ISO 14001 registrations and the expectations for coming years.

A. Registration already obtained
B. Registration in-hand – target before end 2000
C. Registration target – before end 2001
D. Registration target – before end 2003

targets

AGREED FOR THE NEXT 12 MONTHS ARE:

- September 2000 – Registration in Spain
- March 2001 – Registration in Derby
- July 2001 – Registration at LRC, Malaysia
- July 2001 – Registration at LRC Hospital Products, Malaysia

product management

Not only does SSL International plc seek to manage the activities of its own operations but it also reviews those of its customers and suppliers. The Company has a large customer and supplier base.
The Company's objective is to continue the process of identifying and understanding the environmental impacts of its products and processes through a progressive detailed study of its product life cycles.
So far the following product groups have been assessed.

PRODUCT FAMILY	DATE COMPLETED
Tubigrip – tubular bandage	*1995*
Lyofoam – absorbent foam dressings	*1996*
OTC Products – head lice and scabies treatments	*1997*
Simpla Products – continence care	*1997*
Brevet TX – anti-embolism hosiery	*1998*
Softgrip – compression hosiery	*1999*
Betadine – infection control	*1999*
Nelaton Catheters – continence care	*1999*
Remegel products – antacid gastrointestinal treatments	*2000*

targets

AGREED FOR THE NEXT 12 MONTHS ARE:

- Regent Biogel – Medical Gloves
- Durex Family Planning Products – Condoms

case study

BETADINE PRODUCTS

The Betadine range of infection control products includes solutions and creams which contain an 'active' (an iodine compound) used in the control of microbial infection of surfaces, including skin, in hospitals and in the community. Flow diagrams were prepared to summarise each stage in the life cycle of product and its packaging. These diagrams showed the history of the product from extraction of primary raw materials through to use and the expected final disposal.
For each stage in the history, the inputs (materials, energy, water, packaging, etc) and outputs (wastes, emissions to air and water etc) were identified and the environmental impacts evaluated. The operational controls for those evaluated as significant were reviewed to ensure that they were adequate to limit environmental damage, and possible improvements were discussed and logged.

partnership

projects

One type of partnership is the development of joint venture opportunities with local companies in developing countries. Joint-Venture companies in India and China manufacture condoms; both operate under contract with SSL International plc, which provides technology and operational oversight, and work to the Company's highest international standards. Both are audited regularly by Company specialist personnel. The Indian venture is a major supplier of condoms to the international business.

A broader concept of partnership is with key business partners. The Company Environmental Policy Statement specifies the intention 'to promote an open exchange of environmental information with customers and suppliers and work with them where appropriate to reduce any significant environmental impacts within its supply chains'.
A proper approach to environmental improvement must be based on a full stewardship ownership of products from cradle-to-grave.

Therefore, from the review of key product groups, dialogues with strategic business partners have been initiated so that the Company understands better how the raw materials for its products are obtained and how customers and consumers use them.
In this section, comments are presented from three such key business partners.

case study

UK NHS PURCHASING AND SUPPLY

The NHS ("National Health Service") Purchasing and Supply Agency is an executive agency of the Department of Health which was set up as the centre for expertise in purchasing and supply issues for the NHS in England.
The agency is working with suppliers to develop key targets for environmental performance consistent with the Greening Government Campaign. Three of the targeted areas are energy, waste packaging in particular and transport.
The agency wishes to take a collaborative approach, working with NHS trusts and suppliers, in developing an effective NHS supply chain. This is important not just to contribute to national and global goals but also for economic efficiency. As an example, discussions with SSL International plc are developing this agenda with the aim of producing a jointly agreed action plan.

case study

US SURGICAL PRODUCTS SUPPLIER

Kaiser Permanente have set up a National Resource Conservation programme, which is an environmental initiative designed to minimise waste, prevent pollution and conserve natural resources. They are happy to talk with SSL International plc about their efforts and to learn about what the Company is doing in these areas.

case study

MALAYSIAN SUPPLIER OF LATEX CONCENTRATE

The Malaysian supplier welcomes the opportunity to work with SSL International plc as part of their ISO 14001 implementation programme and looks forward to sharing information on their operations at the plantation and latex collection and processing factories. The focus of discussions will be to develop a joint environmental objective which will support their environmental improvement programme and which will prove beneficial to both companies.

climate

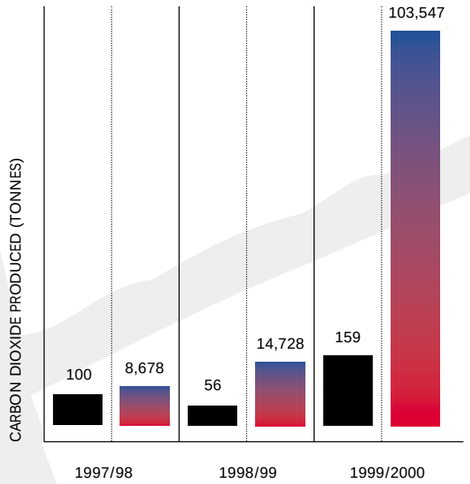
change

The combustion of fossil fuels for transport and to provide energy involves the release of carbon dioxide into the atmosphere. Once there, it contributes to global warming. At the UN Convention on Climate Change at Kyoto in 1999, all international countries committed themselves to reducing the output of greenhouse gases. Guidance in this area is taken from the booklet "Guidelines to Company Reporting Greenhouse Gas Emissions" – DETR, June 1999.
The Company uses electrical power, oil and gas on all its sites and includes in this consideration, fuels used in the UK by its own cars and transport fleet.

It is the Company's objective to reduce its consumption of fossil fuels, based upon a thorough understanding of the full carbon dioxide emissions generated by Company activities (including contractors employed in operations such as transport).

The relationship between energy usage and carbon dioxide produced in each year has been based on UK conversion rates as no other figures were available to the Company.
Comparison between 1997/98 and 1998/99 in part reflects the substantial synergies which resulted from successful mergers and acquisitions in the UK in that period. The 1999-2000 figures including the latex businesses show that production of these products is substantially more energy intensive than the other pharmaceutical and medical devices. Major uses of energy occur in vulcanisation of the rubber and in the drying of finished products.

Energy Intensity



The relative pollution index (in black) is obtained by dividing the increase in carbon dioxide produced, by the increase in added value created, and normalising the figures by taking 1997/98 arbitrarily as 100.

case study

VIDEO CONFERENCING

Since April 1999, the Company has invested almost £100k in video conferencing facilities throughout the Group in the UK and parts of Europe, bringing a total of 23 systems world wide. In the UK alone at present, the Company is spending at the rate of £290 per month on video conference calls and £160 on line rental – a small cost in comparison with the impact on the environment that the equivalent travel would create.
Use of these facilities has been well accepted and is increasing steadily. They are quick and simple to use and very effective, allowing shorter, more frequent meetings, with much more focussed and speedier decision making and problem resolution, as well as environmental and personal safety benefits.

ozone depletion

The Earth's ozone layer protects all life from harmful ultraviolet rays and it is being severely damaged by a number of gases that were widely used by industry. In order to protect and eventually restore the ozone layer, these substances are being phased out. An international agreement, known as the Montreal Protocol and subsequent related agreements, has limited the production and consumption of these substances.

It is the Company's objective to remove all ozone depleting substances from its supply chains. Such substances have been or are used for (a) blowing polyurethane foams for use in dressings and (b) solvents for adhesives also for use in dressings.

It has been a challenge to find alternatives to ozone-depleting products, which preserve the essential functionality of the Company's healthcare products. The Company has made major strides in (a) replacing the solvent based adhesives used in Scholl footcare products with hot melt adhesives and (b) finding improved blowing agents for foam products.

case study

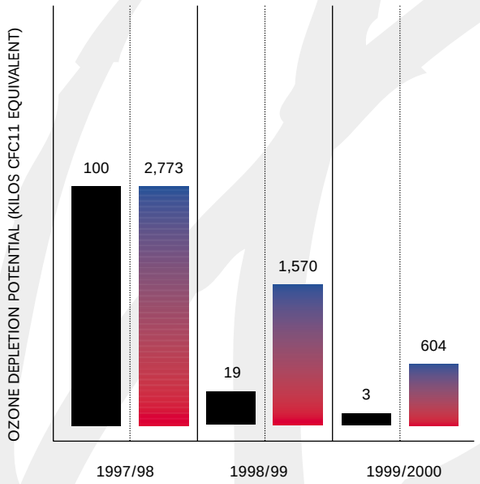
FOAM DRESSINGS

The Lyofoam range of foam dressings requires the use of polyurethane foam, which is both soft and absorbent. To give these important characteristics, in the original product, CFC, chlorofluorocarbon was used as blowing agent. Working closely with the foam supplier, CFC, a very damaging ozone-depleting substance, now illegal was replaced with hydrochlorofluocarbon (HCFC). This latter group of compounds, although much less damaging than CFC, is nevertheless composed of ozone-depleting substances, subject to international agreements to be withdrawn from use.

The Company has been working with its supplier for about 3 years to develop a product with the required softness and absorbency without the use of HCFC. This has proved to be a very difficult task. A number of trial samples have recently been tested rigorously and found to be satisfactory and the performance of the final product unaffected.

Accordingly, the target to cease use of HCFC in manufacture of foams for Lyofoam dressings should be achieved by the end of summer 2000. The long-term aim remains to use blowing agents for this use, which do not contain any organic chemicals.

Ozone Depletion Potentials



waste

The generation and disposal of waste is a contributory factor to pollution and the depletion of natural resources. An environmentally sound waste management strategy is to move from waste disposal, towards recycling and re-use with reduction in the use of materials being the ultimate goal. This is consistent with the EU and UK Governments Waste Hierarchy approach.

One emotive subject in relation to waste is the appearance of condoms in sewage waste, for example on beaches.

The Marine Conservation Society (MCS) is the UK national charity for protection of the marine environment. Annual Surveys have been carried out for over 10 years of beaches across the British Isles with detailed reporting of man-made items discovered. The numbers of condoms found is quite low, 86 out of 173,000 items found during Beachwatch '99 for example, and has declined over time. SSL condom packs carry the statement "Dispose of the used condom hygienically. Wrap the condom in tissue and place it in a bin. Do not flush it down the toilet."

It is the Company's objective to identify sources of wastage in the use of raw materials and other related resources such as energy, water etc. and define effective local projects to improve efficiency in this respect.

Waste management takes place in a series of local management initiatives in the Company. Targets for waste management and waste reduction have been set at all of the Company's ISO14001 registered sites.

case study

OLDHAM

One of the main environmental objectives of the Oldham site was to improve the management of special waste. There were several areas producing waste on site which was either hazardous or was classed as a medicinal product and therefore regarded as special waste. These waste streams included a large quantity of test materials after analysis, waste solvents, machine oil and hazardous containers. In 1999 this amounted to 140 barrels.

The environmental review of the site highlighted that certain areas of the system for disposing of special waste could be improved. A new special waste contractor was brought in who could remove smaller amounts of waste, so there would not be a build up of potentially hazardous waste on site. A number of changes were agreed and a new special waste procedure was written which is reviewed regularly to ensure the system is working.

The Environment Agency audited the Oldham site against the Special Waste and the Duty of Care Regulations on the 22nd February 2000 and found the site to be fully in compliance.

case study

BOOTLE

No structured waste management system was in place at the Bootle site prior to March 1999. All waste was disposed of through the Local Authority, with the exception of special waste from the laboratories and used drums/containers. An agreement was signed with one of the leading UK waste contractors to improve performance and a period of intensive joint working was initiated.

After much preparation and planning, the waste management system was formalised in a Site Waste Segregation and Collection Procedure, which came into effect in November 1999.

Now a monthly report is issued collating all the waste disposed of into weights/quantities in each waste category. This information is taken from the UK Waste invoices and analysed by the Company to improve controls and find improvements.

air

quality

Volatile organic compounds (VOCs) contribute to the formation of low level ozone that in turn can contribute to respiratory difficulties for asthma suffers and others. Peak concentrations occur during summertime and are a major cause of the urban effect known as smog. The European Union has committed member countries to achieve major reductions in VOC emissions over the next ten years. One of the main sources of VOC emissions is from the use of solvents.

It is the Company objective to remove all solvent based substances from its supply chain, which might contribute to ground-level ozone pollution, except where an unacceptable loss of healthcare functionality would result. Such substances have been or are used for (a) solvents for adhesives and coatings used in dressings and (b) ethylene oxide used for sterilisation.

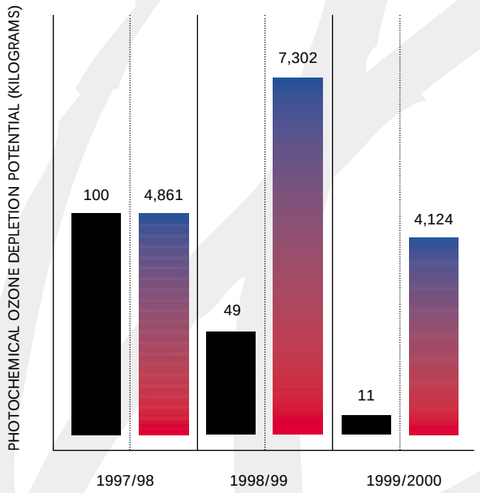
The Company has made major strides in (a) replacing the solvent based adhesives used in Scholl footcare products with hot melt adhesives and (b) influencing contractors who carry out ethylene oxide sterilisation to fit abatement technology and limit emissions of the gas.

case study

STERILISATION

The company used by SSL International plc as the main contractor for this purpose for its continence care business, specialises in contract sterilisation using ethylene oxide.
The contractor had been very aware of the increasing environmental concerns regarding releases of VOCs partly from its own reading of development of regulations and partly from customer pressures including, for the last two years, from SSL International plc and decided that zero emissions were the only sensible long-term option.
The contractor will be installing a catalytic converter to break down the ethylene oxide gas currently emitted to atmosphere, and this will be operational by October 2000. The converter will take the gas from both chamber and aeration cells to minimise emissions to the lowest practical levels.

Volatile Organic Chemicals (VOCs)



water

quality

A number of substances have been identified as having a long-term adverse affect on the water quality of rivers, lakes etc. Most of the Company's UK sites have a small impact on the aqueous environment and use only small quantities of water for treatment purposes.
It is the Company's objective to minimise any potentially damaging releases to the aqueous environment, from its supply chain.
A potentially damaging impact from our activities is the effluent which might be created from the activities of suppliers of latex.

Water effluent from latex concentration factories – suppliers to SSL International plc – is known to be potentially harmful as it contains ammonia, rubber serum particles and has a high chemical and biological oxygen demand. If discharged untreated to natural water courses it would cause considerable damage.
We insist on best performance from our suppliers in this respect.

case study

TTK-LIG

TTK-LIG Limited, India (TTK-LIG), is the Joint-Venture company 44% owned by SSL International plc referred to on Page 7 of this Report, which operates on three separate sites.
TTK-LIG purchases double centrifuged latex from the plantations in India and in Malaysia. The plantations are equipped with appropriate Effluent Treatment Plants to treat their effluents generated during centrifugation operations of field latex. The effluents are treated to neutralise ammonia and rubber serum particles are removed by filtration and the treated effluents are discharged and used for plant irrigation purposes. The rubber particles are salvaged and used as base materials for making sheets and other rubber materials.
The Effluent Treatment Plants comply with local regulatory requirements. As part of the Vendor assessments and audits, TTK-LIG ensures that its suppliers' plantations treat their effluents before discharging or re-using.
TTK-LIG carries out all subsequent processes of the latex themselves. The Company works to the highest International Standards and local regulatory body requirements. It meets national environmental standards of chemical and biological oxygen demand, carries out regular checks of effluent and compliance reports are fed back for continuous monitoring. The treated water is sometimes used for gardening and surplus, if any, is discharged occasionally into municipal sewage drains.

toxification

of ecosystems

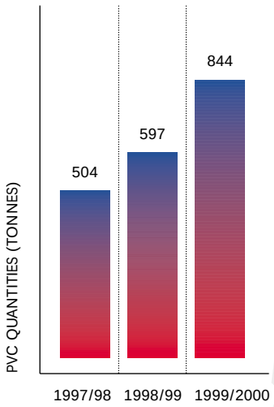
Toxification of ecosystems occurs when products are released which might persist in the environment causing long-term damage to the essential life-cycles on which the ecosystem depends. This is a large area of study involving many chemicals and much scientific complexity. It is the Company's objective in this area, reflecting the perceived issues in its operations, to monitor closely the developing scientific understanding of the environmental impact of PVC (including plasticisers used within it) and relevant pesticides and make changes to product compositions if new understandings show that the balance of risk and benefit demand it.

PVC

PVC generates concern because of the possible creation of dioxins and furans if it is incompletely incinerated after use. PVC is used in the continence care business to make catheters, sheaths, tubes and bags. It delivers excellent functionality for this use, giving real benefits to consumers, which cannot easily be approached by other polymers. Smaller quantities of PVC are used for blister packs (for pharmaceutical tablets).

The majority of the PVC – that which is used for continence care – is plasticised. The Company is aware that there is considerable concern that exposure to low levels of hormone mimicking chemicals, amongst which such plasticiser esters are presumed to be, has led to an increase in incidence of reproductive disorders and other hormone related diseases.
Based on current knowledge, the Company considers that the products as they are manufactured, used and disposed of, pose no unacceptable risk to the environment. In this view, it draws upon the published position paper of the Association of British Healthcare Industries (ABHI) of December 1999, which draws a similar conclusion.

PVC Quantities



The increasing PVC quantities above reflect directly the corresponding production rates not any increase in the unit quantities involved.

Artificial Fertilisers and Pesticides

Artificial fertilisers and pesticides are used to support the production of cotton yarn which the Company uses for support bandages. The Company buys its cotton exclusively to the 'Oekotex Standard' which guarantees low residual pesticides and fertilisers on the purchased yarns.
The Company sells pesticides in the form of head lice treatments, which find their way into waste streams as customers use them. Some of the pesticides used are UK Red List substances. By their very nature and as part of the beneficial treatment they deliver, these products may create an environmental risk. However, because the quantities involved are small compared to other sources of these products, and are highly dispersed when they enter the environment, we believe the real threat is very small.

protection

of habitats and vital natural resources

Habitat loss is a major cause for the reduction in biological diversity. Loss of biological diversity affects everyone on earth.
Natural resources which are non-replaceable and essential for the quality of life of future generations need also to be conserved whenever possible.
Quarrying to extract minerals used as base materials by their suppliers for the manufacture of aluminium, glass, povidone iodine etc. were identified by SSL International plc as potential significant effects.
However, in each case, the Company's requirements are a small part of, for example, the UK's national production of such products.
The Company's Policy is to promote wherever possible the sustainable use of natural resources.

case study

FORESTRY AND LATEX

The largest quantity of a naturally occurring raw material used by the Company is latex for which annual demand is around 10,000 tonnes (dry weight) each year. This is mainly sourced in Malaysia.
The annual national production of the material is approximately one million tonnes (ref. Rubber Research Institute of Malaysia) so the proportion used by SSL International plc is small. Latex is a renewable natural resource extracted with care from the plantations and small-holdings.
SSL International plc in Malaysia purchases latex directly from the plantations. There is no agreed certification system for tropical forests in Malaysia similar to the Forestry Sustainability Certificate operational in other countries. SGS Malaysia, the national affiliate of the international certification organisation, has developed a bridging programme for the Forest Stewardship Council called the Certification Support Programme (CSP). Plantations with which the Company works are supporting the development of this best-practice standard.