

RepRisk Indicators (RRI)

As at 30th April	FSEF	S&P 500
Environmental	3.4	4.4
Social	9.0	11.1
Governance	8.8	13.3
Total RRI	21.2	28.8
1 month RRI Change	-1	-2
Peak 24 Month RRI	37	42
RepRisk Rating (RRR)	BBB	BB

Innovation

As at 30th April	FSEF	S&P 500
R&D as % of sales*	6.7%	4.3%
Organic Growth"	4.9%	n/a
Capital Impact™	0.55	0.14

Environmental*

As at 30th April	FSEF	S&P 500
Waste tns/£m FCF	21.3	73.8
Hazard's Waste tns/£m FCF	0.6	3.8
Water m³/£m FCF	3,279	4,742
GHG/CO2 tns/£m FCF	211	717
Energy MWh/£m FCF	0.6	1.7

Social*

As at 30th April	FSEF	S&P 500
Women executives	18%	15%
Women directors	30%	21%

Governance*

As at 30th April	FSEF	S&P 500
UN Global Compact Sign's.	43%	5%
Independent Directors	82%	89%

Least RepRisk

As at 30th April	RRI
IDEXX	0
Intertek	0
Waters	0
Sage	0

Most RepRisk

As at 28th February	RRI
Nestlé	58
Unilever	54
Johnson & Johnson	46
Microsoft	44

Proxy Voting

Last Twelve Months	%
Proxies voted	90
Voted against an item	84
Voted against remuneration policy	79

April Commentary

Environmental

- Nestlé announced that it is aiming for 100% recyclable or reusable packaging by 2025. Nestlé's 'sustainability expert' Duncan Pollard makes the interesting point that 80-90% of Nestlé's packaging is already technically 'recyclable' but for practical purposes, the number is way lower because different countries have significantly different recycling infrastructures and capabilities. One challenge for companies like Nestlé, therefore, is not just to make packaging 'recyclable' but also easy/easier to recycle – paper rather than orange plastic, for example.
- Colgate has been recognised as a 2018 Energy Star Partner of the Year by the US Environmental Protection Agency for the 8th consecutive year. Colgate says that by 2020 it aims to have reduced its carbon emissions by 25% compared to 2002.
- L'Oréal announced in a new edition of Sharing Beauty with All – a progress report on its sustainability programmes - that it has reduced its carbon emissions by 73% compared to 2005.
- Mars, Nestlé, PepsiCo and Unilever have been criticised by Greenpeace International for sourcing palm oil from Hayel Saeed Anam Group (HAS), which has been criticised by the group for destroying rainforests in Papua, Indonesia. Reportedly, HSA subsidiary Megakarya Jaya Raya (MJR) has already cleared 4,000 hectares of rainforest in its concession from May 2015 to April 2017, including in an area where development is prohibited by the Indonesian government.
- Nestlé and Mondelez have been named as companies that reportedly source some cocoa from wholesalers and not necessarily from their own certified plantations. Cocoa production processes in the Ivory Coast, Ghana, and other West African countries have been associated with child labour and a high rate of poverty among cocoa farmers. It is reported that the average daily income in those countries is set between \$0.5 and \$0.84.

Social

- The state of Kentucky has sued Johnson & Johnson (J&J) claiming that in marketing its drugs Duragesic, (Fentanyl of Michael Jackson, Prince and Tom Petty infamy) and Nucynta (Tapentadol) as 'rarely addictive' when used for chronic pain – particularly in elderly patients, J&J had indulged in extremely deceptive sales practices. Both of these drugs have contributed to the problem of opioid addiction in the United States.
- Visa and Mastercard have agreed to settle a case in the state of New Mexico for \$3.4m for creating "economic harm through mandatory interchange fees." The state sued Visa and Mastercard in 2014 for its high interchange fees (2% of purchases) and the lack of ability for merchants to negotiate the fee. Visa will pay 2/3rds of the settlement, with Mastercard paying the remainder. The companies will also pay to create and deliver to the Attorney General's Office 200k magnets printed with information about consumer credit rights. The information will also be displayed on their websites until the end of the year.
- Lawyers in the United States are seeking class action status for a lawsuit alleging that discrimination in pay and promotions at Microsoft has cost women up to \$238m in compensation and more than 500 promotions during a four year period. The suit seeks to represent 8,600 women in the United States who have been employees of the company since 2012.

Innovation

- Unilever put out a release saying that using Tork EasyCube facilities management software – which makes things such as paper towel dispensing machines and toilet paper holders connected devices – has reduced the number of cleaning rounds in its German HQ – where 5,000 people a day use the washrooms – from 90 to 68 'while increasing availability of paper towels and toilet paper to 100%'.

Last Month RRI Change

Biggest Decrease	Change	Biggest Increase	Change
Pepsico	-10	Johnson & Johnson	+6

- In April J&J Consumer was ordered to pay \$55m in punitive damages to a plaintiff who allegedly developed mesothelioma, a deadly form of cancer caused by exposure to asbestos-contaminated talcum powder between 1972 and 2003. Imerys Talc America were also ordered to pay \$25m in damages. The plaintiff had previously been awarded \$37m in compensation by the same jury. The company is accused of failing to adequately warn consumers about the severe health effects of using the talcum powder, despite the highest levels of management knowing since the 1960s that the talc used in its baby powder contained asbestos. The jury found that J&J was responsible for 70% of the damages and its talc supplier Imerys for 30%. Separately 6,610 women have sued J&J for failing to warn women that using its baby powder for feminine hygiene could increase the risk of ovarian cancer.

RepRisk Data is sourced from RepRisk ESG Business Intelligence www.reprisk.com. RepRisk Indicator (RRI) uses an algorithm to access the risk of reputational damage to companies from 28 ESG issues and a variety of specific and thematic "hot topics". E.g. Coral reef damage, human trafficking or threats to endangered species. 0-25 denotes low risk exposure, 26-49 medium risk exposure, 50-59 high risk exposure, 60-74 very high risk exposure and 75-100 extremely high risk exposure. We use the RRI to calculate our most/least sustainable portfolio firms. E, S and G scores are the weighted average percentage of the news stories about the related topic categories respectively. RRI change is how much the weighted average RRI score has changed in the last 30 days with best/ worst performer the largest movers. Peak RRI score is the highest weighted average RRI score in the last 2 years. RepRisk Rating (RRR) takes the RRI and combines it with the ratings of the countries/sectors it is involved in to calculate the rating, which is ranked AAA to D.

*Source: Bloomberg. Median numbers except R&D as % of sales which is a mean.

"Organic Growth is the mean sales growth excluding M&A and FX.

Capital Impact™ is the Productive Asset Investment Ratio (capex/depreciation) multiplied by Return on Invested Capital (EBIT/invested capital) as last reported. The more productive the capital investment the higher the number.

RepRisk Data

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2017	-	-	-	-	-	-	-	-	21.7	23.3	21.8	23.7
2018	22.9	21.6	22.1	21.2								

Data/factsheets prior to Nov 2017 relate to the Comic Relief Segregated Account