

RepRisk Indicators (RRI)

As at 30th June	FSEF	S&P 500
Environmental	2.2	4.5
Social	8.0	11.3
Governance	10.1	13.4
Total RRI	20.3	29.1
1 month RRI Change	-1	-2

Peak 24 Month RRI	35	42
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RepRisk Rating (RRR)	BBB	BB
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Innovation

As at 30th June	FSEF	S&P 500
R&D as % of sales*	6.9%	4.3%
Organic Growth [†]	4.9%	n/a
Capital Impact [‡]	0.77	0.15

Environmental*

As at 30th June	FSEF	S&P 500
Waste tns/£m FCF	29.0	191.9
Hazard's Waste tns/£m FCF	1.1	4.7
Water m ³ /£m FCF	1,501	9,208
GHG/CO2 tns/£m FCF	171	1,362
Energy MWh/£m FCF	0.5	3.9

Social*

As at 30th June	FSEF	S&P 500
Women Executives	19%	15%
Women Directors	28%	22%

Governance*

As at 30th June	FSEF	S&P 500
UN Global Compact Sign'ns.	35%	7%
Independent Directors	82%	89%

Least RepRisk

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

Most RepRisk

As at 30th June	RRI
Unilever	55
Microsoft	47
Johnson & Johnson	46
PepsiCo	40

Proxy Voting

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

*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.

June Commentary

Environmental

- Colgate has announced it has joined the Ellen MacArthur Foundation's "New Plastics Economy" initiative to help create a "circular economy for plastics" – i.e. more recycling. By 2025, Colgate plans to use 25% recycled plastics in its packaging and make it 100% recyclable.
- Unilever's European President, Hanneke Faber, announced that the company has "not made enough progress" on their pledge to increase the amount of plastic packaging that is recycled and said that consumers were partly to blame. She gave the example of the company trialling refills for shampoo bottles but found that consumers are "too damn lazy" to bring the empty bottles back to the store.
- Greenpeace has criticised the Hayel Saeed Anam Group, a palm oil producer, for its contribution to deforestation in Indonesia which was shown in video footage released in April 2018. Hayel Saeed has reportedly continued its destructive activity, despite calls for an end to rainforest destruction in palm oil supply chains. Greenpeace warns Hayel Saeed that unless it changes course they can be removed from the Roundtable on Sustainable Palm Oil which would bear considerable financial consequences. IOI Group, another palm oil production company that didn't comply with regulations got suspended by the RSPO, was no longer able to supply its product to Unilever, Kellogg or Nestlé, severely impacting the company's revenue.
- NGO Break Free From Plastic has criticised global brands such as Coca-Cola, McDonald's, Unilever and PepsiCo for their responsibility in plastic waste contamination in the oceans that kills approximately 100,000 fish each year worldwide. The report identified Nestlé as the most polluting company, with Mexico the country most affected by the plastic pollution.
- The state of New York has filed a lawsuit against 3M and five other firms in order to recover clean-up expenses for their alleged environmental contamination caused by hazardous chemicals used in the firefighting foams they produce. The lawsuit is seeking at least \$38.8m in addition to punitive damages. The foam was reportedly used at the Stewart International Airport, Stewart Air National Guard Base, Francis S. Gabreski Airport, and two other closed airports in the state. It allegedly caused widespread contamination in water, soil and the local ecosystem, and also increased the risk of damages to people's immune system and public health in general. Allegedly, the companies were (or at least should have been) aware by the 1970s that the use of the foam as intended can cause environmental and public health problems.

Social

- A federal judge in Seattle this month denied class action status to a three-year-old gender discrimination lawsuit brought against Microsoft by current and former technical employees. US District Court Judge, James Robart, ruled in a sealed order that the lawsuit will not be expanded to cover more than 8,600 women in technical roles that have worked at the company since 2012. The case dates back to 2015, when former high-ranking cybersecurity employee Katie Moussouris and current employee Holly Muenchow brought a gender discrimination lawsuit against the company, alleging "continuing policy, pattern and practice of sex discrimination against female employees in technical and engineering roles, including technical sales and services positions with respect to performance evaluations, pay, promotions, and other terms and conditions of employment."
- Members of the Australian Beverages Council, including PepsiCo, Coca-Cola, Ashai and Frucor Suntory, have signed an agreement saying that they will reduce the amount of sugar in drinks sold in Australia by 20% by 2025.

Innovation

- Microsoft has updated its facial recognition technology in an attempt to make it less "racist". It follows a study conducted in March that criticised the technology for being more able to more accurately recognise the gender of people with lighter skin tones. The system was found to perform best on males with lighter skin and worst on females with darker skin. Microsoft claim to have tweaked the algorithm so that errors are reduced by up to 20x for people with darker faces.

Last Month RRI Change

Biggest Decrease	Change	Biggest Increase	Change
Johnson & Johnson	-6	Stryker	+5

- Stryker and its Howmedica Osteonics subsidiary are facing increasing litigation claims in the US after a couple joined numerous complainants who accused the firm of negligence and failure to inform patients regarding complications associated with its metal hip implant. The lawsuit, filed in a US District Court, alleges that a patient who agreed to have a Stryker metal hip implant in December 2011 suffered health complications that necessitated a revision surgery in September 2016 to have it removed. Other patients have also reported serious complications with the hip implants such as corrosion, infection, and pseudotumor formations. The revision surgery needed to remove the implants is considered riskier than the initial surgery because of higher chances of infection.

RepRisk Data is sourced from RepRisk ESG Business Intelligence www.reprisk.com. RepRisk Indicator (RRI) uses an algorithm to assess 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.

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	19.5	20.3						

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