

RepRisk Indicators (RRI)

As at 28th February	FSEF	S&P 500
Environmental	3.3	4.4
Social	9.0	10.6
Governance	9.3	13.4
Total RRI	21.6	28.4
1 month RRI Change	-2	-2

Peak 24 Month RRI	36	42
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RepRisk Rating (RRR)	BBB	BB
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Innovation

As at 28th February	FSEF	S&P 500
R&D as % of sales*	7.1%	4.4%
Organic Growth**	4.9%	n/a
Capital Impact™	0.38	0.15

Environmental*

As at 28th February	FSEF	S&P 500
Waste tns/£m FCF	14.3	92.8
Hazard's Waste tns/£m FCF	0.9	5.0
Water m³/£m FCF	1,458	7,636
GHG/CO2 tns/£m FCF	133	1,169
Energy MWh/£m FCF	0.5	2.1

Social*

As at 28th February	FSEF	S&P 500
Women executives	18%	14%
Women directors	25%	20%

Governance*

As at 28th February	FSEF	S&P 500
UN Global Compact Sign's.	48%	11%
Independent Directors	82%	89%

Least RepRisk

As at 28th February	RRI
IDEXX	0
Intertek	0
Waters	0
ADP	3

Most RepRisk

As at 28th February	RRI
Nestle	55
Johnson & Johnson	51
PepsiCo	47
Microsoft	45

Proxy Voting

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

February Commentary

Environmental

- The CEO of Becton Dickinson has said that as a result of investor pressure they have started including an ESG slide in their end of year presentation to investors. In this new slide, the company highlighted its new 1.5 MW solar array at their largest facility in China and their support for those affected by hurricane Maria in Puerto Rico.
- By the middle of 2018, 100% of Nestlé's energy needs in Chile will come from renewable sources.
- PepsiCo, in its 2017 earnings results, reminded investors that they aim to have 100% of their packaging "recyclable, compostable or biodegradable by 2025." Another 2025 goal the company has is to have less than 1.3mg per calorie of sodium and 1.1g per 100 calories of saturated fats in at least 75% of their global foods portfolio. The company has also recently launched their "Hello Goodness" vending machine, which can be put in schools and is stocked with healthier items than a normal vending machine. It contains things like water, Sabre hummus, Sun chips, the Simply brand, Quaker bars, Naked Juice etc.
- Unilever in the middle of the month publicly revealed its entire palm oil supply chain, including all the suppliers and mills it sources from, to boost transparency and accountability in the industry. The company sources from 1,400 mills and over 300 direct suppliers for the oil, which is used in everything from snacks and household products to cosmetics and biofuels. Marc Engel, Unilever's chief supply chain officer, said the company hoped sharing the information would be the start of a new industry-wide movement toward supply chain transparency. "Unilever believes that complete transparency is needed for radical transformation," Engel said in a statement. "This is a big step toward greater transparency, but we know there is more work to be done to achieve a truly sustainable palm oil industry and we will continue our efforts to make this a reality." Unilever said transparency and the ability to trace palm oil are vital in addressing deforestation and human rights abuses. Palm oil supply chains are complex as the fruit changes hands many times from farmers to agents before it reaches a mill. It is then transported via traders to refineries for further processing, after which it enters a company's supply chain.
- Nestle has been sued in a Massachusetts federal court over claims it has used cocoa beans from suppliers in Ivory Coast that have been accused of using child labour. The company allegedly violated US state laws by not disclosing this on its packaging, which meant that consumers were duped into supporting the alleged misconduct.

Social

- Stryker has been named as one of Fortune's 100 Best Companies to Work For. It is the 8th consecutive year the company has been named on the list.
- L'Oréal has been recognised by Equileap as the best company in the world in terms of gender equality.

Governance

- Ethisphere has recognised 3M as a "World's most ethical company" for the 5th year in a row.
- ADP has published its first ever sustainability report this month, which highlights the company's charitable efforts and their commitments to employees and product innovation.

Innovation

- Microsoft has announced it will open a new facility in Shoreditch in East London to host start-ups that are part of the company's accelerator programme. Microsoft is also considering similar facilities for start-ups in Sydney, Berlin and Paris.
- 3M has recalled 33,000 Bair Hugger underbody blankets sold in the US, Germany and other countries due to a flaw in its design, which can cause the potential development of surgical infections. Underbody blankets are the sheets used in surgeries, which keep a patient warm, while not restricting the surgeon's access.

Last Month RRI Change

Biggest Decrease	Change	Biggest Increase	Change
Reckitt Benckiser	-8	3M	+12

- 3M has agreed to pay \$850m to settle a US lawsuit for alleged contamination of groundwater and the Mississippi River. The payment will be used to improve water quality and sustainability in the affected areas. Minnesota's attorney general previously accused the company of dumping waste from the production of fluorochemicals (PFCs) used in its products. From 1950 until the early 2000s, the company allegedly contaminated the groundwater, affecting the state's water supply as well as the water quality of the Mississippi River. PFCs are harmful to humans and wildlife due to their effects on growth and development. 3M still reportedly faces at least 11 class-action lawsuits filed in state and federal courts over the same contamination issue. In 2017, DuPont and Chemours also paid \$671m to settle a similar case.

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.

*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											

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