

RepRisk Indicators (RRI)

As at 29th December	FSEF	S&P 500
Environmental	2.8	4.0
Social	10.8	9.6
Governance	10.1	13.8
Total RRI	23.7	27.5
1 month RRI Change	-1	-2

Peak 24 Month RRI	38	42
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RepRisk Rating (RRR)	BBB	BB
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Innovation

As at 29th December	FSEF	S&P 500
R&D as % of sales*	6.7%	4.0%
Organic Growth [†]	4.9%	n/a
Capital Impact [‡]	0.25	0.15

Environmental*

As at 29th December	FSEF	S&P 500
Waste tns/£m FCF	18	89
Hazard's Waste tns/£m FCF	0.9	5.0
Water m ³ /£m FCF	1458	8099
GHG/CO2 tns/£m FCF	133	1053
Energy MWh/£m FCF	0.5	2.1

Social*

As at 29th December	FSEF	S&P 500
Women executives	18%	14%
Women directors	27%	20%

Governance*

As at 29th December	FSEF	S&P 500
UN Global Compact Sign'ns.	43%	11%
Independent Directors	82%	89%

Least RepRisk

As at 29th December	RRI
CR Bard	0
IDEXX	0
Intertek	0
Waters	0

Most RepRisk

As at 29th December	RRI
Nestle	56
Johnson & Johnson	53
Unilever	46
PepsiCo	44

Proxy Voting

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

December Commentary

Environmental

- Unilever made a number of announcements in its 2017 results presentation:
 - Unilever is research company Gartner's #1 supply chain company and one of only 2 companies in the world (other is L'Oreal) with an AAA rating from the Carbon Disclosure Project for their work on sustainable agriculture and fighting deforestation and climate change.
 - Increasing the use of solar energy has reduced overall energy costs by 30% at the company's new WELL certified buildings at their site in New Jersey
 - The packaging for OMO in Latin America has been changed to recyclable polyethylene that is also cheaper for the company to produce.
 - Eco-friendly fabric cleaners are growing at twice the rate of the market but still only make up 12% of all fabric cleaners
 - Launched a "100% Natural Ingredients" line within its Knorr brand
- A pilot program in Malawi has begun using blockchain technology to trace 'the exact origins of your cup of tea: where and how it was made, whether organic soil was used and if the workers were treated fairly'. This follows an initiative started by, among others, Unilever and Nestle, in conjunction with IBM to study how blockchain systems can help track food supply chains and improve food safety.
- L'Oreal has launched Botanea, its first fully plant-based/vegan hair colouring product
- Unilever is among 50 signatories calling on the EU to set a more ambitious long term renewable energy target
- Pepsico has ordered 100 of Tesla's new electric trucks in an attempt to reduce greenhouse gas emissions and fuel costs
- An investigation by California's State Water Resources Control Board (SWRCB) has found that Nestle does not possess the proper rights to about 75% of the millions of gallons of water it draws from the San Bernardino National Forest. Critics have warned that the volume of water withdrawal could damage the local environment and wildlife, particularly considering the current drought in the state.

Social

- Launched Mae Terra (Mother Earth) as a new brand in Brazil, which the company says is "very much about taste and love."
- Pepsico's latest food handout in conjunction with the Feed the Children charity is in Phoenix, their 5th such event in the area. 16% of the population of Phoenix live below the poverty line.
- Unilever announced that 80% of the company's management team in emerging markets are local, with Unilever the #1 employer choice in consumer goods in at least 34 countries.
- Unilever has been fined 60m EUR by the Italian Antitrust Agency for abusing its domination position in the ice cream market in Italy. In 2013, authorities started investigating the company following allegations made by an organic fruit ice pop producer claiming that Unilever forced local retailers to stop selling popsicles. Subsequently, Unilever reportedly made deals with restaurants, bars, and campsite-operators allowing the company to exclusively sell its Algida ice creams.

Governance

- IDEXX released an 8K on the issue of "proxy access." The company has amended its rules to allow any one shareholder or group of shareholders owning 3% of the company continuously for 3 years to nominate 2 individuals to the board.

Innovation

- Novo Nordisk said at its recent investor day that it is working on a once-weekly insulin product and a liver preferential insulin, which won't cause patients to gain as much weight as existing insulins. Novo said that they expect to spend 13% of sales on R&D in 2018.

Last Month RRI Change

Best Performer	Change	Worst Performer	Change
Unilever	-6	Johnson & Johnson	+12

- Johnson's medical subsidiary, Ethicon, has been criticised for reportedly failing to notify doctors and patients about the risks involved in transvaginal mesh implants, which caused chronic and excruciating pain for thousands of women. Ethicon was reportedly warned by in-house doctors about the risk of the procedure. In 2008 an associate medical director from Ethicon wrote to the firm's managers that information provided to surgeons had not been revised since 2005. Around 501 women in Scotland are suing Ethicon over the alleged adverse effects, while 100,000 women worldwide are reportedly suing transvaginal mesh implants manufacturers, including Ethicon. In the UK, more than 1,000 women are suing the National Health Service for allegedly failing to notify them about the possible risks.

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

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