

REPRISK INDICATORS (RRI)

As at 31st March	FSEF	S&P 500
Environmental	4.3	4.8
Social	9.4	12.4
Governance	11.2	11.7
Total RRI	24.9	29.0
1 month RRI Change	+0.8	0.0

Peak 24 Month RRI	35	41
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RepRisk Rating (RRR)	BBB	BB
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INNOVATION

As at 31st March	FSEF	S&P 500
R&D as % of sales*	5.6%	4.6%
Organic Growth [†]	7.0%	n/a
Capital Impact [™]	0.59	0.24

ENVIRONMENTAL*

As at 31st March	FSEF	S&P 500
Waste tns/£m FCF	22	2,078
Hazard's Waste tns/£m FCF	1.7	114
Water m ³ /£m FCF	3,327	468,701
GHG/CO2 tns/£m FCF	194	5,287
Energy MWh/£m FCF	476	21,222

SOCIAL*

As at 31st March	FSEF	S&P 500
Women Executives	32%	18%
Women Directors	31%	25%

GOVERNANCE*

As at 31st March	FSEF	S&P 500
UN Global Compact Sign's.	41%	14%
Independent Directors	76%	84%

LEAST REPRISK

As at 31st March	RRI
ADP	0
IDEXX	0
Intuit	0
Sage	0

MOST REPRISK

As at 31st March	RRI
Johnson & Johnson	62
Microsoft	56
PepsiCo	51
Marriott Intl.	47

PROXY VOTING

12 Months ending 31st March	%
Proxies voted	100
Voted against an item	75
Voted against remuneration policy	63

MARCH 2020 COMMENTARY

Environmental

- PepsiCo has updated its palm oil purchasing policy which guarantees that all their palm oil is free from deforestation, new development on peatlands and the exploitation of people.

Social

- A \$50bn settlement offer from Johnson & Johnson, McKesson and other opioid manufacturers has gained the approval of 7 more US states. A vote by members of the National Association of Attorneys General on the 22nd February found that 35 US states – representing ~70% of the US population – back the offer. Another 19 states (and Puerto Rico) feel that the current offer isn't enough.
- A jury in Florida found that the use of baby powder contributed to a woman's development of ovarian cancer and ordered Johnson & Johnson to pay the claimant \$9m in compensation.
- In 2010, women made up 38% of Unilever's management level workforce. The company set a target of increasing this to 50% by the end of 2020. Last month they reported in a press release that they'd hit this level 1 year ahead of the original target. The company notes that there have been particular gains in areas where women have historically been under-represented, notably finance and technology.

Coronavirus

- Clorox announced that it will donate \$1m to the American Red Cross, \$1m to the CDC Foundation (supports the Centre for Disease Control) and \$3m to Direct Relief (provides medical resources during disasters).
- PepsiCo revealed that it is going to pay all of its 90k US full-time employees at least an additional \$100 per week over the next month, with additional compensation for "frontline" employees. The company will pay the salaries of quarantined US employees in full for two weeks and then two-thirds pay for up to 10 weeks. Employees who work at a facility that has to remain closed, will receive 100% of their pay for up to 12 weeks. Additionally, PepsiCo is also:
 1. Providing 200,000 meals weekly to students in "impacted US communities" through its Food for Good program;
 2. Donating \$200,000 to the Red Cross in Italy, Spain and France. It's also donating \$100,000 to the Red Cross in Lebanon;
 3. Donating \$1.5m to the Global FoodBanking Network to provide food and water to 12 countries affected by COVID-19 in Latin America;
 4. Providing \$1.1m to the Hubei Red Cross Foundation and China Women's Development Foundation.

- ADP announced that all its employees will receive an additional \$1,000 in April, which will cost the company \$51m.
- Unilever is donating €100m worth of products to help with relief efforts during the pandemic and has offered €500m of "cash flow relief" to suppliers. This means they are paying early for their most vulnerable suppliers and extending credit to others. The US unit of the company has also donated \$8m worth of hygiene and cleaning products to US food banks.
- Marriott is planning to furlough two-thirds of its 4k corporate employees at its headquarters in Bethesda, Maryland. While furloughed, employees will receive 20% of their salaries.
- Reckitt Benckiser is donating £5.5m in cash and antibacterial products to fight the coronavirus in China. The company also launched its "Fight for Access Fund", which aims to spend 1% of its annual operating profit on improving access to health, hygiene and nutrition around the world.
- McCormick is increasing its hourly wages by \$2/hour for those still in work and for those that are out of work on sick leave, it will pay 100% of salaries for 5 days and then two-thirds for up to 11 weeks. In facilities where operations are suspended employees will receive their full pay for up to 12 weeks.

LAST MONTH RRI CHANGE

Biggest Decrease	Change	Biggest Increase	Change
Reckitt Benckiser	-7	Clorox	+4

- Nutranext, a subsidiary of Clorox since 2018, is facing a potential class action lawsuit in the US over allegations that it falsely claimed its products were heavy metals free. This follows a \$1.75m (\$1.5m in restitution and \$0.25m in civil penalties) settlement with the state of California over its pre-natal products. The suit claimed that Nutranext's Rainbow Light brand contained lead, mercury, cadmium and arsenic despite being marketed as heavy metal free.

*Source: Bloomberg and company reports. Mean average numbers. The Environmental numbers presented above are a guide only as reporting is nascent with only c.50% of portfolio companies reporting comparable numbers. Where constituent numbers are not available these are estimated by Fundsmith LLP Research based upon nearest comparable sector numbers obtainable. [†]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 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.

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	21.8	19.9	18.7	21.6	20.0	20.1
2019	19.1	20.1	20.5	21.4	21.3	21.8	20.9	21.8	22.5	23.3	23.4	21.9
2020	23.7	24.1	24.9									

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