

**REPRISK INDICATORS (RRI)**

As at 31st August	FSEF	S&P 500
Environmental	3.1	4.6
Social	9.4	12.1
Governance	12.2	11.4
<b>Total RRI</b>	<b>24.7</b>	<b>28.1</b>
1 month RRI Change	-0.9	-0.1

Peak 24 Month RRI	37	41
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RepRisk Rating (RRR)	BBB	BB
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**INNOVATION**

As at 31st August	FSEF	S&P 500
R&D as % of sales*	5.6%	4.6%
Organic Growth <sup>†</sup>	5.5%	n/a
Capital Impact <sup>™</sup>	0.60	0.19

**ENVIRONMENTAL\***

As at 31st August	FSEF	S&P 500
Waste tns/£m FCF	29	3,978
Hazard's Waste tns/£m FCF	1.3	27
Water m <sup>3</sup> /£m FCF	3,088	284,304
GHG/CO2 tns/£m FCF	205	7,149
Energy MWh/£m FCF	672	39,022

**SOCIAL\***

As at 31st August	FSEF	S&P 500
Women Executives	37%	18%
Women Directors	32%	26%

**GOVERNANCE\***

As at 31st August	FSEF	S&P 500
UN Global Compact Sign's.	41%	14%
Independent Directors	78%	85%

**LEAST REPRISK**

As at 31st August	RRI
ADP	0
IDEXX	0
Amadeus	0
Kone	0

**MOST REPRISK**

As at 31st August	RRI
Microsoft	55
Johnson & Johnson	50
PepsiCo	48
Unilever	48

**PROXY VOTING**

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

\*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. <sup>†</sup>Organic Growth is the mean sales growth excluding M&A and FX. Capital Impact<sup>™</sup> 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](http://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	24.8	22.9	22.9	22.0					

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

**AUGUST 2020 COMMENTARY**

**Environmental**

- Novo Nordisk has announced that it will now only use electricity from renewable sources at all of its production facilities. The company's next goal is to achieve net zero CO2 emissions from all operations and transport by 2030.
- Microsoft has said that it is going to build "Circular Centres". These centres are factories where Microsoft will reuse and repurpose servers and other bits of hardware.
- Unilever has started to use new recycling technology to make magnum ice cream tubs out of recycled polypropylene plastic (rPP). Polypropylene was previously considered unrecyclable for food grade packaging. However, Unilever said that polypropylene plastic can now be "re-processed infinitely, as the closed-loop recycling method preserves the quality of the material." In 2019, 600k tubs made of rPP were sold in the Netherlands and Spain, which will increase to ~7m across Europe in 2020. By 2021, rPP will be used in Magnum tubs worldwide and by 2025 Unilever plans to only use recycled plastic for Magnum tubs.
- An investigation by the Rainforest Action Network and Indonesian NGO's has revealed that PT Dua Perkasa Lestari, a company associated with social and environmental damage in Indonesia, has been supplying several companies, including Unilever, Nestle and Mars, through Golden Agri Resources and Permata Hijau. Allegedly, PT Dua Perkasa Lestari has been operating without proper permits, forcible taking of indigenous land, destroying community crops and using military force to intimidate and displace members of the Pante Cermin community in the Aceh province on the Indonesian island of Sumatra.

**Social**

- Novo Nordisk's CEO, Lars Jorgensen, announced on their half-year earnings call that they are reducing the "ceiling price" of human insulin from \$4 per vial to \$3 in 76 low and middle income countries.
- In August, the attorney-generals of around a dozen US states asked for a total settlement of \$26.4bn from major drug distributors, McKesson, AmerisourceBergen and Cardinal Health, as well as drug manufacturer Johnson & Johnson (J&J), to help communities recoup the costs incurred to address the widespread opioid addiction crisis. The drug distributors will pay \$21.1bn (~\$7bn each), while J&J will pay \$5.3bn.
- The FDA reported that Pepsi's Frito-Lay North America voluntarily recalled some barbecue-flavoured crisps due to undeclared milk ingredients posing an allergy risk to US consumers.
- Former Marriott International hotel guests have filed a class-action lawsuit in the UK against the company seeking unspecified damages over a cyberattack between 2014 and 2018 on the former Starwood brand hotels that Marriott bought in 2016. The lawsuit automatically includes guests who made a reservation at one of the former Starwood brand hotels before September 2018 when the cyberattack was discovered and only those who actively opt-out will be removed from the lawsuit. The data breach allegedly exposed over 300m customer records and affected 7m guests. The lawsuit comes after the Court of Appeal allowed a similar opt-out lawsuit against Google over alleged unlawful tracking of iPhone users in 2011 and 2012 through third party cookies.

**LAST MONTH RRI CHANGE**

Biggest Decrease	Change	Biggest Increase	Change
Starbucks	-4	Intuit	+26

- Intuit's RepRisk Indicator (RRI) rose to higher than zero for the first time since the beginning of 2019. The increase was due to the US Department of Justice announcing that they were going to have a closer look at its \$7.1bn purchase of Credit Karma over antitrust concerns. Credit Karma was founded in 2007 and its biggest offering is providing free credit checks, although it also started offering free tax filings in 2017. Intuit have denied the antitrust allegation, saying that their purchase of Credit Karma wasn't about building market share in tax filing, but to allow them to offer a wider range of services. Further adding to Intuit's RRI, the company's TurboTax product and competitors such as H&R Block were also accused this month of making their free tax filing software hard to find and instead customers were directed to a paid for product.