

**RepRisk Indicators (RRI)**

As at 30th April	FSEF	S&P 500
Environmental	2.3	4.8
Social	9.8	12.6
Governance	9.2	12.1
<b>Total RRI</b>	<b>21.4</b>	<b>29.4</b>
1 month RRI Change	+0.9	+3.0

Peak 24 Month RRI	34	42
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RepRisk Rating (RRR)	BBB	BB
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**Innovation**

As at 30th April	FSEF	S&P 500
R&D as % of sales*	5.9%	4.7%
Organic Growth**	7.2%	n/a
Capital Impact™	0.73	0.37

**Environmental\***

As at 30th April	FSEF	S&P 500
Waste tns/£m FCF	14	2,031
Hazard's Waste tns/£m FCF	0.5	127
Water m³/£m FCF	3,674	399,306
GHG/CO2 tns/£m FCF	237	5,511
Energy MWh/£m FCF	566	16,806

**Social\***

As at 30th April	FSEF	S&P 500
Women Executives	30%	18%
Women Directors	30%	24%

**Governance\***

As at 30th April	FSEF	S&P 500
UN Global Compact Sign'ns.	37%	14%
Independent Directors	78%	85%

**Least RepRisk**

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

**Most RepRisk**

As at 30th April	RRI
Johnson & Johnson	65
Marriott Intl.	55
Unilever	46
Microsoft	46

**Proxy Voting**

12 Months ending 30th April	%
Proxies voted	100
Voted against an item	73
Voted against remuneration policy	62

\*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.

**April Commentary**

**Environmental**

- Unilever announced at Walmart's "Global Sustainability Milestone" meeting that within 3 years 50% of plastic used in its packaging in North America, will be produced using recycled materials. This month the company also revealed that since 2010:
  - Waste associated with the disposal of Unilever products by consumers has fallen by 31%.
  - Indirect CO2 emissions from energy use have declined by 42%.
  - 49% of Unilever's 15,000 managers are female.
- Microsoft announced that it will join the Climate Leadership Council. Other members include PepsiCo, Unilever, Johnson & Johnson, P&G and a few oil companies (Exxon, Shell, BP ConocoPhillips). The objective of the Climate Leadership Council is to propose a plan for reducing carbon emissions. The main objectives of the plan are:
  - A gradually increasing fee on carbon emissions, starting at \$40 a ton (fee to be implemented at the refinery or the first point where fossil fuels enter the economy).
  - Proceeds from the carbon fee would be distributed to citizens.
  - Elimination of regulations requiring reduction in emissions, and liability protection for companies that emit greenhouse gases.
- Intuit issued a press release which declares that the company "accelerates (its) commitment to reaching carbon reduction and renewable electricity targets." The release goes on to claim that the company is on track to meet 3 key sustainability goals – 100% renewable electricity, reducing its carbon footprint by 80% and reducing its total operational footprint by 50% - 3 times faster than when it originally set the goals in 2016.
- Kone has announced that in 2018 the company reduced its carbon emissions relative to sales by 4.0%, compared to a target of 3%. They missed this target in 2017.

**Social**

- The CEO of Novo Nordisk was quoted this month revealing that he wants stem cell treatments to be an important part of the company's business within 10 years.
- ADP received a 100% rating in the 2019 Human Rights Campaign Foundation's Corporate Equality Index, earning the designation "Best Place to Work for LGBTQ Equality." This is the 10<sup>th</sup> consecutive year ADP has earned a perfect score.
- MasterCard and Microsoft, in collaboration with others, have launched the Cybersecurity Talent Initiative, the first public-private partnership to recruit "the nation's best minds to defend against global cyber-attacks."
- Johnson & Johnson is providing India with 10,000 courses of the life-saving drug Bedaquiline for the treatment of tuberculosis cases for free this year. The drug was originally meant to cost \$400 per patient.

**Governance**

- Unilever recalled a batch of Ben & Jerry's Chunky Monkey non-dairy ice cream in the UK as an "artwork error" resulted in nutrition and allergy information being left off the product.

**Innovation**

- A clinical trial showed that Johnson & Johnson's Invokana, compared to a placebo, reduced the risk of renal failure in patients with type 2 diabetes and chronic kidney disease by 30%.
- The FDA has approved Johnson & Johnson's erdafitinib drug as a treatment for patients with a type of bladder cancer caused by a mutation of the FGFR gene (the gene responsible for fibroblast growth factor receptor). The drug is available to patients if chemotherapy does not work. 32.2% of patients responded to the drug, with 2.3% of patients having a "complete response" (i.e. no bladder cancer detected after treatment) and the remainder having a "partial response" (on average the cancer stopped spreading for 5 months).

**Last Month RRI Change**

Biggest Decrease	Change	Biggest Increase	Change
3M	-8	Coloplast	+28

- In the middle of April, the Food and Drug Administration ordered the two remaining medical device companies selling surgical mesh for the repair of pelvic organ prolapse – Boston Scientific and Coloplast – to stop all sales and distribution in the United States. It is the most stringent action the FDA has taken in the lengthy legal and medical battles over vaginal mesh, a synthetic product that has been implanted in millions of women to strengthen weakened pelvic muscles that can cause the bladder, the uterus and other organs to sag into the vaginal area.

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								

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