Fundsmith
Sustainable Equity Fund

020 3551 6337

RepRisk Indicators (RRI)

As at 30th June	FSEF	S&P 500
Environmental	2.3	4.7
Social	9.2	12.5
Governance	10.3	12.4
Total RRI	**21.9**	**29.6**
1 month RRI Change	+0.5	-0.4
Peak 24 Month RRI	35	42
RepRisk Rating (RRR)	BBB	BB

Innovation

As at 30th June	FSEF	S&P 500
R&D as % of sales*	5.9%	4.7%
Organic Growth"	6.3%	n/a
Capital Impact™	0.73	0.36

Environmental*

As at 30th June	FSEF	S&P 500
Waste tns/£m FCF	13	3,903
Hazard's Waste tns/£m FCF	0.5	199
Water m³/£m FCF	3,672	336,561
GHG/CO2 tns/£m FCF	232	4,362
Energy MWh/£m FCF	556	24,710

Social*

As at 30th June	FSEF	S&P 500
Women Executives	30%	18%
Women Directors	30%	25%

Governance*

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

Least RepRisk

As at 30th June	RRI
IDEXX	0
Intertek	0
Intuit	0
Sage	0

Most RepRisk

As at 30th June	RRI
Johnson & Johnson	67
PepsiCo	46
Unilever	46
Microsoft	42

Proxy Voting

12 Months ending 30th June	%
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.

June Commentary

Environmental

- Estée Lauder has become a member of the Circular Economy (CE) programme run by the Ellen MacArthur Foundation. Estée Lauder said the CE programme would allow the company to learn more about sustainable packaging and collaborate on packaging innovations. The company claims that by the end of 2025 at least 75% of its packaging will be recyclable, refillable, reusable, recycled, or recoverable and that packaging will be made with at least 50% recycled materials. They also said that by 2020 the company plans to source 100% of its electricity from renewable sources.

- Estée Lauder has also joined the campaign against animal testing by the Humane Society International. The #BeCrueltyFree campaign aims to ban testing cosmetics on animals worldwide by 2023.

- Unilever is trialling its new packaging of Solero Organic Peach Ice Lollies multipacks in the UK. The new packaging will be a box made out of cardboard with separate compartments for each lolly, so the individual lollies aren't wrapped in plastic. The box is coated in polyethylene and contains about 5% plastic, but according to Unilever is recyclable. The product is currently available via Ocado.

- PepsiCo is going to experiment with introducing new aluminium packaging for its Aquafina water. PepsiCo will also transition its LIFEWTR water brand to 100% recycled plastic in the US by the end of next year, as part of its plan to use 25% of recycled plastic globally by 2025. Lastly, it will also phase out all its Bubly sparkling water plastic bottles. The total impact of the changes will reduce the company's use of "virgin plastic" by 8k tons.

Social

- L'Oréal celebrated the 10th anniversary of its community volunteering day called Citizen Day, when employees spend the whole day volunteering for projects such as home renovating, rubbish collection and running well-being workshops for disadvantaged individuals.

- A "star witness" in the first trial by a state (Oklahoma) on the opioid crisis told the judge that Johnson & Johnson (J&J) did "everything it possibly could to get doctors to prescribe more and more opioids."

- A jury in California found that Johnson & Johnson's talc products were 40% responsible for causing a woman's cancer; Colgate products were deemed to be 40% responsible and Avon products 20% responsible. J&J and Colgate were each ordered to pay $4.8m in compensation. The jury did not award any punitive damages. Avon was not named as a defendant in the case, but the jury said Avon should still be considered partly responsible based on the plaintiff's testimony.

Innovation

- Earlier this year Unilever launched a new brand in the UK called Homey, which provides laundry pods by mail. This month, BuinessGreen.com noted that the product has been designed to appeal to "eco-conscious" consumers as the packaging is 100% recyclable and is made with 85% recycled material. Each Homey box costs £3.10 and contains 19 laundry capsules.

- Visa said that its fraud detection system, Visa Advanced Authorization, uses AI to "help financial institutions prevent an estimated $25bn in annual fraud." Visa notes that it processed 127bn transactions between merchants and financial institutions on VisaNet in 2018 and employed AI to analyse 100% of the transactions – each in about one millisecond. Visa says it "pioneered using neural networks modelled after the human brain to power its AI platform" and that it was the first payment network to apply neural network-based AI (in 1993) to analyse the risk of its transactions.

- 3M announced that it is launching "revolutionary" technology it has developed with PolyOne, called Pinpoint Express Colour and Dosing System. The system will help their clients designing and colouring injection moulded parts. 3M says that clients who tested the system saw "significant colour development lead time reductions, collapsing a typical four-week process to just a few hours."

Last Month RRI Change

Biggest Decrease	Change		Biggest Increase	Change
Marriott	-13		Waters	+31

- An article from Korea alleges that the Korean Fair Trade Commission has imposed a 1.5bn KRW (£1.02bn) fine for bid rigging in negotiations with the Korean government over the purchase of specialised measuring machines from 2010 to 2016. 11 firms, including Waters, were fined with Abisai X Korea, Shimadzu and Euro Science accounting for 74% of the fine. The Korean government was trying to buy mass spectrometry, liquid chromatography and capillary electrophoresis machines.

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	21.9						

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