

REPRISK INDICATORS (RRI)

As at 30th June	FSEF	S&P 500
Environmental	3.1	4.7
Social	8.5	12.3
Governance	11.3	11.3
<b>Total RRI</b>	<b>22.9</b>	<b>28.3</b>
1 month RRI Change	0.0	-0.5

Peak 24 Month RRI	36	41
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RepRisk Rating (RRR)	BBB	BB
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INNOVATION

As at 30th June	FSEF	S&P 500
R&D as % of sales*	5.6%	4.6%
Organic Growth <sup>†</sup>	6.9%	n/a
Capital Impact <sup>™</sup>	0.59	0.21

ENVIRONMENTAL\*

As at 30th June	FSEF	S&P 500
Waste tns/£m FCF	27	3,423
Hazard's Waste tns/£m FCF	1.5	25
Water m <sup>3</sup> /£m FCF	3,284	351,759
GHG/CO2 tns/£m FCF	220	8,698
Energy MWh/£m FCF	722	44,428

SOCIAL\*

As at 30th June	FSEF	S&P 500
Women Executives	37%	18%
Women Directors	32%	26%

GOVERNANCE\*

As at 30th June	FSEF	S&P 500
UN Global Compact Sign's.	41%	14%
Independent Directors	78%	85%

LEAST REPRISK

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

MOST REPRISK

As at 30th June	RRI
Johnson & Johnson	58
Microsoft	56
Unilever	39
PepsiCo	31

PROXY VOTING

12 Months ending 30th June	%
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						

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

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JUNE 2020 COMMENTARY

Environmental

- Ahead of World Environment Day, Reckitt Benckiser put out a release committing to accelerating its delivery of the Paris Climate Change Agreement goals by reducing the carbon emissions of its sites by 65% and powering operations with 100% renewable electricity by 2030, thereby moving towards net zero carbon emission by 2040. Since 2012 Reckitt has reduced its greenhouse gas emissions and water usage by 42% and 37% respectively.
- Unilever announced that they will invest €1bn into a new "climate and nature fund" over the next 10 years. The fund will back projects including "landscape restoration, reforestation, carbon sequestration, wildlife protection and water preservation". The company also mentioned that:
  - They continue to pursue the goal of no carbon emissions from Unilever's own operations and to halve the greenhouse gas footprint of their products across the value chain by 2030. Today they announced a further goal: net zero emissions from all their products by 2039 – from the sourcing of the materials they use, up to the point of sale of products in stores.
  - 89% of their forest-related commodities are certified as sustainably sourced to globally recognised standards.
  - They will achieve a deforestation-free supply chain by 2023. Unilever is planning to monitor its suppliers using satellite images.
  - They will implement water stewardship programmes for local communities in 100 locations by 2030 and will aim to make their product formulations biodegradable by 2030.
  - Finally, they plan to start adding carbon emissions information on product labels. The labels will say how much greenhouse gas was emitted in the process of manufacturing and shipping.
- The Pespico Foundation is pledging to invest \$3m in India to improve access to water in areas with a high risk of drought in West Bengal and Maharashtra.
- L'Oréal announced that it has developed a "Product Environmental & Social Impact Labelling mechanism" to rate products (on a scale of A to E) according to a system that has been endorsed and verified by independent experts. L'Oréal has also updated its sustainability targets:

- By 2025, all L'Oréal sites will be carbon neutral and will use 100% renewable energy.
- By 2030, 100% of the plastic used in packaging will be from either recycled or bio-based sources.
- By 2030, L'Oréal will reduce greenhouse gas emissions per finished product by 50% vs. 2016.

Social

- Noting that the restaurant industry is among the 'most unhealthy' places to work from a mental health perspective, Starbucks offers free access to the meditation app *Headspace*. So far, 68,000 employees have taken advantage of this offer and 5,000 employees participated in the company's Mental Health Matters online forum.
- Estée Lauder's CEO and Chairman, Fabrizio Freda, addressed all employees in a letter saying that the company:
  - Stands in solidarity with their black employees, black consumers and black communities and firmly believe that black lives matter.
  - Will start buying more supplies from black-owned businesses, will hire more black employees and will expand diversity training programmes.
  - Will donate \$10m to racial equality organisations over the next 3 years.
- PayPal declared it will invest \$530m in businesses owned by African Americans and under-represented minorities. Of this, \$10m will be handed out in \$10,000 lumps to help businesses re-open following the lockdown.

LAST MONTH RRI CHANGE

Biggest Decrease	Change	Biggest Increase	Change
Starbucks	-12	Stryker	+7

- Stryker's RepRisk Indicator has increased in June because the UK competition commission raised concerns that the company's purchase of the Wright Medical Group may create a lack of effective competition in the ankle prostheses market in the UK.