

REPRISK INDICATORS (RRI)

As at 28th February	FSEF	S&P 500
Environmental	4.3	5.0
Social	8.8	12.4
Governance	10.9	11.5
Total RRI	24.1	29.0
1 month RRI Change	+0.4	-1.0

Peak 24 Month RRI	33	42
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RepRisk Rating (RRR)	BBB	BB
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INNOVATION

As at 28th February	FSEF	S&P 500
R&D as % of sales*	5.8%	5.6%
Organic Growth [†]	6.8%	n/a
Capital Impact [™]	0.61	0.31

ENVIRONMENTAL*

As at 28th February	FSEF	S&P 500
Waste tns/£m FCF	16	1,474
Hazard's Waste tns/£m FCF	1.3	65
Water m ³ /£m FCF	3,357	445,647
GHG/CO2 tns/£m FCF	198	4,475
Energy MWh/£m FCF	484	16,917

SOCIAL*

As at 28th February	FSEF	S&P 500
Women Executives	32%	18%
Women Directors	31%	25%

GOVERNANCE*

As at 28th February	FSEF	S&P 500
UN Global Compact Sign's.	37%	14%
Independent Directors	76%	84%

LEAST REPRISK

As at 28th February	RRI
ADP	0
IDEXX	0
Intuit	0
Sage	0

MOST REPRISK

As at 28th February	RRI
Johnson & Johnson	66
Microsoft	60
PepsiCo	52
Marriott Intl.	51

PROXY VOTING

12 Months ending 28th February	%
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. [†]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											

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

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FEBRUARY 2020 COMMENTARY

Environmental

- Estée Lauder announced that one of its goals is to promote ingredient transparency across all their brands. Aveda (plant-based hair and skincare) is the first brand to have an ingredients glossary on its website, but other brands will soon follow.

Social

- A judge in California has found that Johnson & Johnson "deceptively marketed" pelvic mesh products and ordered the company to pay the state of California \$344m. This represents ~\$1,250 per violation of the state's unfair competition law and/or violation of advertising statutes. Johnson & Johnson says it will appeal and one of the company's lawyers noted that the state did not present testimonies from any medical professionals who claim to have been misled.

- Staying with Johnson & Johnson and court cases, a jury on a talc case in the company's home town of New Brunswick ordered the company to pay additional punitive damages of \$750m to four plaintiffs after a different jury had previously ordered them to pay \$37.2m in compensation for cancers blamed on the talc-based products. The judge reduced the punitive damages to \$185m as according to New Jersey law punitive damages can't be more than 5x compensatory damages. Johnson & Johnson will appeal the case.

- Novo Nordisk affirmed its sponsorship of the Donnelly Award scholarships in the US, which are given to "male and female athletes aged 14-21 and in good academic standing, who have diabetes and play tennis competitively in tournaments or on their school team." For 2020, they will distribute 2 national awards in the amount of \$8,000 each and 16 regional awards of \$4,000 each. Novo Nordisk has been sponsoring the scholarship since 2002.

- Reckitt Benckiser donated 50m RMB to "combat the coronavirus outbreak in China." The Mead Johnson business donated an additional 5m RMB to "support expectant mothers in Hubei province."

- Unilever said it will no longer target children younger than 13 with its advertising. The Wall's ice cream business will be the first to stop its adverts. A senior marketer explained the change in ad policy "will effectively mean we buy less on social media."

Innovation

- The Chief Innovation Officer at Clorox discussed how the company's disinfecting wipes were launched 20 years ago. The idea for the wipes came after users of one of their cleaning fluids said they often felt the need to wear protective layers to avoid bleach splash-back on their regular clothes. The company experimented with ways to reduce splashing including a thickened gel variant, new types of dispensers, using colour-safe bleach in the fluid and eventually in their wipes. The wipes worked well, but "we wanted to make sure we didn't overpromise the cleaning benefit of wipes since it wasn't the same as sprays or dilutable cleaners. So we focused the name and concept on disinfecting [...] Early demand was so high, we had serious shortages of the material used to make the wipes." The innovation officer said "opportunity and inspiration often lie within things that people don't like about current products — our own and our competitors.' Looking at those is a great way to trigger new ideas."

- Earlier this month, Johnson & Johnson announced that it was working with BARDA (the Biomedical Advance Research and Development Authority) to develop a coronavirus vaccine. Later in the month, the company announced that it will "expand its existing partnership with BARDA." Under the expanded agreement, Johnson & Johnson and BARDA will share the costs for screening a library of antiviral molecules for activity against the coronavirus.

LAST MONTH RRI CHANGE

Biggest Decrease	Change	Biggest Increase	Change
Paypal	-3	Clorox	+14

- Clorox's RepRisk score has increased in February because the Earth Island Institute, a California-based environmental non-profit, has filed a lawsuit in a US County Superior Court for Clorox allegedly polluting California's waterways with plastic. The lawsuit was also filed against Coca-Cola, Colgate-Palmolive, PepsiCo, P&G, Nestlé, Mars and others. Allegedly, 150m metric tonnes of single-use plastic packaging ends up in California's water bodies. Nestlé and PepsiCo are alleged to produce 15% of all plastic packaging in the world and the suit also claims that only 10% of plastic containers are recycled. The lawsuit also accuses the companies of negligence and public nuisance.