

REPRISK INDICATORS (RRI)

As at 31st October	FSEF	S&P 500
Environmental	2.8	5.0
Social	8.9	12.7
Governance	10.8	11.4
Total RRI	22.4	29.0
1 month RRI Change	-1.3	+0.5

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

As at 31st October	FSEF	S&P 500
R&D as % of sales*	5.5%	4.7%
TTM Organic Growth"	-6.9%	n/a
Capital Impact™	0.57	0.20

ENVIRONMENTAL*

As at 31st October	FSEF	S&P 500
Waste tns/£m FCF	82	3,151
Hazard's Waste tns/£m FCF	1.7	19
Water m³/£m FCF	3,599	280,076
GHG/CO2 tns/£m FCF	225	3,409
Energy MWh/£m FCF	758	54,113

SOCIAL*

As at 31st October	FSEF	S&P 500
Women Executives	36%	18%
Women Directors	33%	27%

GOVERNANCE*

As at 31st October	FSEF	S&P 500
UN Global Compact Sign's.	41%	14%
Independent Directors	79%	85%

LEAST REPRISK

As at 31st October	RRI
ADP	0
IDEXX	0
Amadeus	0
Kone	2

MOST REPRISK

As at 31st October	RRI
Unilever	53
PepsiCo	51
Johnson & Johnson	50
Microsoft	47

PROXY VOTING

12 Months ending 31st October	%
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 trailing twelve month, reported, weighted average sales growth excluding M&A and FX, pre Sept 2020 unweighted, last reported. 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	24.1	24.9	24.8	22.9	22.9	22.0	24.7	23.7	22.4		

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

OCTOBER 2020 COMMENTARY

Environmental

- At a recent (virtual) investor day, Coloplast announced that it is aiming to achieve zero-emissions from its own operations (Scope 1 and 2) by 2025. They even clarified to say that by this, they don't mean that they'll be buying renewable energy certificates, but actually transitioning their operations to green energy. They also want 80% of their packaging made from renewable materials and to recycle at least half of their production waste.
- PepsiCo's Naked smoothie brand now comes in bottles made from 100% recycled plastic.
- Estée Lauder's Origins skincare brand is teaming up with chemical company SABIC and beauty packaging manufacturer Albea to produce an "advanced recycled tube package." Essentially a tube for skincare products that is made from recycled plastic.
- Microsoft employees spend a lot of time flying between Seattle and San Francisco and Los Angeles and San Jose. Consequently, Microsoft is partnering with Alaska Airlines – whose main hub is Seattle – to buy sustainable jet fuel from a Dutch company called SkyNRG, to offset the emissions these flights create.

Social

- Johnson & Johnson has settled 1,000 of the ~20,000 outstanding talc lawsuits for \$100m. This is less than the company was expecting. For more details on J&J's talc lawsuits see 2019's FSEF annual letter on our website.
- Novo Nordisk, along with Eli Lilly, Sanofi and Mylan, have sponsored the launch of a new website – getinsulin.org. Visitors to the website answer a few questions (location, insurance type, income, and type of insulin they take) then receive information about ways they can get access to insulin.
- PayPal is collaborating with a charity called Just Capital on a campaign that aims to make workers' financial security and health a priority for senior executives. PayPal states that in 2018 it set a goal to increase the disposable income of its hourly employees to 20% of net income. PayPal estimates that by the start of 2021, disposable income among its hourly and entry-level employees will be around 16%, up from about 4% in some regions in 2018.
- Starbucks is providing all US employees with a free one-way Lift ride (up to \$75) to the polls to vote, volunteer as a poll worker, or to drop off a ballot.
- Staying with Starbucks, the company is going to be setting and tracking their annual inclusion and diversity goals of achieving at least 30% of all corporate level and at least 40% of all retail and manufacturing roles by 2025 being performed by black, indigenous and people of colour (BIPOC).
- Becton Dickinson has agreed to pay \$100,000 to settle a lawsuit from the US Labour Department claiming that the company underpaid some black female employees when compared to colleagues in the same roles.

Innovation

- Microsoft is adding a new feature to Teams that is powered by artificial intelligence. The new feature will automatically remove unwelcome background noise. The AI-based noise suppression works by analysing an individual's audio feed and using neural networks to filter out the noise and keep only the speech signal.
- Becton Dickinson announced that a new test combining tests for COVID-19, influenza, and respiratory syncytial virus has been approved for BD Max instruments in Europe that have been upgraded with the Viasure Sars-CoV-2 Real Time PCR Detection Kit.

LAST MONTH RRI CHANGE

Biggest Decrease	Change	Biggest Increase	Change
Reckitt Benckiser	-12	Visa	+7

- Visa's RepRisk Indicator has increased this month due to its planned \$5.3bn purchase of Plaid. The US Department of Justice has raised some antitrust concerns over whether this purchase will reduce competitiveness. In recent months, both Visa and MasterCard have been facing antitrust related worries due to their dominance of worldwide payment systems and pressure from governments to lower their fees. Plaid has also come under additional criticism for allegedly infringing TD Bank's trademarks and user interface to trick US customers into thinking that they were entering their login details into a TD Bank interface rather than Plaid's. TD Bank alleges that this customer data was sold without their consent.