

## RepRisk Indicators (RRI)

As at 31st August	FSEF	S&P 500
Environmental	2.0	4.7
Social	8.9	12.4
Governance	10.9	12.3
<b>Total RRI</b>	<b>21.8</b>	<b>29.4</b>
1 month RRI Change	+0.9	+0.9

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

As at 31st August	FSEF	S&P 500
R&D as % of sales*	5.6%	4.7%
Organic Growth <sup>†</sup>	6.5%	n/a
Capital Impact <sup>™</sup>	0.71	0.36

## Environmental\*

As at 31st August	FSEF	S&P 500
Waste tns/£m FCF	12	4,404
Hazard's Waste tns/£m FCF	0.7	268
Water m <sup>3</sup> /£m FCF	3,227	485,253
GHG/CO2 tns/£m FCF	168	3,689
Energy MWh/£m FCF	459	19,826

## Social\*

As at 31st August	FSEF	S&P 500
Women Executives	30%	18%
Women Directors	30%	25%

## Governance\*

As at 31st August	FSEF	S&P 500
UN Global Compact Sign's.	33%	14%
Independent Directors	78%	85%

## Least RepRisk

As at 31st August	RRI
IDEXX	0
Intertek	0
Intuit	0
Sage	0

## Most RepRisk

As at 31st July	RRI
Johnson & Johnson	63
Microsoft	49
Pepsico	43
Marriott Intl.	43

## Proxy Voting

12 Months ending 31st August	%
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. <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				

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

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## August Commentary

### Environmental

- In a press release about reducing the use of plastic in packaging, Reckitt Benckiser (RB) quotes a survey from The Grocer, which claims 70% of shoppers in the UK "have changed their shopping habits and now look for less packaging." RB says consumers also prefer the idea of plant-based, compostable plastic substitutes, however 40% will not pay a premium for more sustainable packaging. RB noted changes to its spray bottles that will reduce the company's plastic use by about 570m tonnes year on year. They have also developed a recyclable container for their Finish dishwasher powder.
- The NGOs Rainforest Action Network, SumOfUs, and International Labour Rights Forum have filed a petition with the US Customs and Border Protection asking for a ban on palm oil from FGV Holdings over allegations of forced labour at its plantations in Malaysia. According to reports from the US Department of Labour and other organizations, the company and its contractors allegedly lured migrants to plantations and subjected them to slave-like conditions as they became indebted and were not provided with adequate food and housing. The migrants were allegedly also forced to sign contracts in foreign languages and surrender their passports and were not allowed to leave the plantations. Cargill, Hershey, Mars, Mondelez, Nestlé, Procter & Gamble, Pepsi and others are reportedly some of FGV Holdings' palm oil customers and allegedly they have been aware of these issues since 2015. In November 2018, the Roundtable on Sustainable Palm Oil reportedly suspended FGV Holdings' certification following an investigation that revealed the presence of illegal and trafficked workers at the company's plantations, however, the certification was reinstated in August 2019.

### Social

- Johnson & Johnson was ordered to pay \$572m in Oklahoma to resolve allegations of fraudulently downplaying the hazards and overemphasizing the benefits of opioids. According to the ruling from a US County Court, the firm has used misleading and risky drug marketing strategies that apparently contributed to the abrupt rise in opioid deaths and addiction cases and also violated Oklahoma's public nuisance laws. The fine was significantly lower than the \$17bn judgment sought by Oklahoma, which had claimed that \$17bn would cover 20 years' treatments and services needed to rectify damages caused by the opioid crisis. Earlier in 2019, Teva Pharmaceuticals and Purdue Pharma paid \$85m and \$270m respectively as settlements in relation to the opioid addiction crisis.
- A construction worker has filed a negligence lawsuit against Marriott International and others over the collapse of scaffolding at its Bonnet Creek hotel, which killed two people on the outskirts of Orlando.
- Microsoft is going to stop listening to Xbox gamer's conversations without their consent, claiming it's "no longer necessary." Microsoft argued it was introduced as a practice to improve voice command features on the console.
- AstraZeneca and Novo Nordisk have agreed to halt swim tests on small animals as Eli Lilly, Bristol-Myers Squibb and Pfizer continue the forced experiments. Researchers used forced-swim tests – where a mouse/rat is placed into an inescapable container – to study depression. The theory is that a depressed animal will give up more quickly than a happy one. A recent article in Nature discredited the effectiveness of this test. Neuroscientist Eric Nestler said, "We don't know what depression looks like in a mouse."

## Last Month RRI Change

Biggest Decrease	Change	Biggest Increase	Change
Unilever	-8	Church & Dwight	+18

- The Wall Street Journal has reported that a number of S&P 500 companies, including Church and Dwight, have paid their CEOs more than they initially disclosed. On average, S&P companies paid CEOs 16% more 3 years after they initially reported their compensation. This is because the value of restricted shares/options can't be valued when awarded as they can't be sold/exercised for a certain period (usually between 3-5 years). This means that if the share price of the company increases, these awards increase in value. They are typically used to incentivise a CEO to think about the longer-term performance of a company. Church & Dwight CEO's total pay was 101% higher than initially reported.