

REPRISK INDICATORS (RRI)

As at 31st January	FSEF	S&P 500
Environmental	4.2	5.2
Social	9.8	12.8
Governance	9.7	12.1
Total RRI	23.7	30.0
1 month RRI Change	+1.8	+0.7

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

As at 31st January	FSEF	S&P 500
R&D as % of sales*	5.9%	4.7%
Organic Growth**	6.9%	n/a
Capital Impact™	0.68	0.37

ENVIRONMENTAL*

As at 31st January	FSEF	S&P 500
Waste tns/£m FCF	15	1,280
Hazard's Waste tns/£m FCF	1.3	43
Water m³/£m FCF	3,419	286,799
GHG/CO2 tns/£m FCF	219	2,731
Energy MWh/£m FCF	490	10,686

SOCIAL*

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

GOVERNANCE*

As at 31st January	FSEF	S&P 500
UN Global Compact Sign's.	37%	14%
Independent Directors	78%	85%

LEAST REPRISK

As at 31st January	RRI
ADP	0
IDEXX	0
Intuit	0
Sage	0

MOST REPRISK

As at 31st January	RRI
Johnson & Johnson	63
Microsoft	62
Marriott Intl.	53
PepsiCo	47

PROXY VOTING

12 Months ending 31st January	%
Proxies voted	100
Voted against an item	75
Voted against remuneration policy	58

*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

JANUARY 2020 COMMENTARY

Environmental

- Microsoft said it will be "carbon negative" by 2030 and that by 2050 it will also "remove from the environment all the carbon the company has emitted either directly or by electrical consumption since it was founded in 1975." They don't elaborate on how the carbon already emitted will be removed and instead note that the technology they need may not yet exist today. Microsoft also announced the launch of a \$1bn climate innovation fund to accelerate the global development of carbon reduction, capture and removal technologies.

- Unilever is trialling loose PG Tips at an Asda store in Manchester. Customers bring their own containers to stock up on as much as they want in what Asda are calling their first "sustainability store".

Social

- Microsoft's CEO is among signatories to a letter urging companies to participate in the Disability Equality Index, which is the "most comprehensive benchmarking tool for disability inclusion."

- Last year, Microsoft committed to giving \$500m to ensure "affordable housing [is accessible] for everyone" in the region around its Washington state HQ (particularly on the east side of King County). Yesterday the company announced a \$250m increase to its affordable housing initiative in the form of a no-fee line of credit to the Washington State Finance Commission. Of the original \$500m, Microsoft says, it has so far approved investments and grants totalling \$380m.

- PepsiCo's Foundation has launched, in conjunction with the International Youth Foundation, the Passport to Success Traveller Program, which provides 16-24 year olds a 10-hour online course teaching them "life skills."

- Johnson & Johnson agreed to pay "more than" \$2m to settle a talc case in Oakland, California. Meanwhile in Solano County, California, a judge dismissed a talc case because the plaintiff was unable to provide evidence that the talc she used was actually tainted with asbestos. The judge said, "the mere inference that a talc product might contain asbestos does not create a triable issue." We discuss Johnson & Johnson and talcum powder in more detail in the FSEF annual letter.

- A US court has ordered Johnson & Johnson to pay almost \$344m for deceptive marketing practices and concealing the health risks of its subsidiary Ethicon's transvaginal mesh products in the US.

- Reckitt Benckiser is now also being recognised as a "UK living wage employer" as the company has been paying the living wage (£9.30 per hour) to all its employees and onsite contractors for the last 3 years.

- Marriott and Intercontinental Hotels have been named as defendants in a federal lawsuit that claims the companies were complicit in the rape, kidnapping, exploitation and abuse of a human trafficking survivor. From 2003 until 2011, the victim was trafficked at a Fairfield Inn in Ann Arbor, where she has been physically assaulted, imprisoned, and forced into sexual servitude by her captors. The hotel, despite using a Marriott brand, is owned and managed by a company called Midwest Lodging Group. The survivor accused hotel staff of negligence for failing to prevent her trafficking despite evidence of constant traffic of male visitors to her room and "sex paraphernalia" in the room once she left. The victim was also moved to a Holiday Inn Express in Detroit, which is owned by Intercontinental.

LAST MONTH RRI CHANGE

Biggest Decrease	Change	Biggest Increase	Change
Paypal	-4	PepsiCo	+21

- PepsiCo's RepRisk score increased this month having featured in a Rainforest Action Network blog post comparing various snack food companies based on their efforts to source palm oil sustainably. Their assessment found that the "paper promises" of the 8 largest snack food companies (Kellogg's, General Mills, Mondelez, Hershey, Mars, PepsiCo, Nestlé and Unilever) haven't done enough to prevent "conflict palm oil" being used. Kellogg's, General Mills and Mondelez are performing the worst, with minimal actions being reported to consumers and little commitment made to be transparent about their supply chains and to protect rainforests. PepsiCo, Nestlé and Unilever are performing the best in terms of having a transparent palm oil supply chain and increasing their use of sustainably sourced palm oil. Ironically their score was also impaired by appearing in a New York Times article alongside Airbnb which was being criticised for its lack of ESG efforts but at the same time mentioned that PepsiCo is planning to cut carbon emissions by 20% over the next 10 years in an effort to correct some of the negative impact it has had on the environment in the past.