

RepRisk Indicators (RRI)

As at 30th November	FSEF	S&P 500
Environmental	2.6	4.0
Social	9.6	9.5
Governance	9.6	13.8
Total RRI	21.8	27.3
1 month RRI Change	-2	-3

Peak RRI	37	42
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RepRisk Rating (RRR)	BBB	BB
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Innovation

As at 30th November	FSEF	S&P 500
R&D as % of sales*	6.8%	4.3%
Organic Growth [†]	4.9%	n/a
Capital Impact [‡]	0.39	0.15

Environmental*

As at 30th November	FSEF	S&P 500
Waste tns/£m FCF	17	85
Hazard's Waste tns/£m FCF	0.8	4.5
Water m ³ /£m FCF	1639	8099
GHG/CO2 tns/£m FCF	138	1061
Energy MWh/£m FCF	0.5	2.2

Social*

As at 30th November	FSEF	S&P 500
Women executives	17%	11%
Women directors	28%	20%

Governance*

As at 30th November	FSEF	S&P 500
UN Global Compact Sign's.	43%	11%
Independent Directors	83%	89%

Least RepRisk

As at 30th November	RRI
CR Bard	0
IDEXX	0
Intertek	0
Waters	0

Most RepRisk

As at 30th November	RRI
Nestle	54
Unilever	50
Johnson & Johnson	42
Microsoft	42

Proxy Voting

YTD 2017	%
Proxies voted	90
Voted against an item	84
Voted against remuneration policy	79

November Commentary

Environmental

- Pepsi and Unilever were among signatories to ban oxo-degradable plastic, widely used in packaging and plastic carrier bags. The head of 'systemic initiatives' at the Ellen MacArthur Foundation, which organized the petition, said that these plastics contribute to microplastic pollution and are "not suited for effective long-term reuse, recycling at scale or composting, meaning they cannot be part of a circular economy." Oxo-degradable bags – called 'oxo' because they degrade by oxidation – have been the subject of much study and debate. The City of Portland, Oregon, commissioned the Pacific Northwest Pollution Prevention Centre to study the benefits and drawbacks of their use and tended to come down on the side of the latter. Tesco and the Co-op have already stopped using the material but in some countries it's promoted as a green alternative to non-degradable plastics.
- Microsoft announced during the annual UN climate conference that they plan to cut their carbon emissions by 75% between 2013 and 2030.
- A Bloomberg piece on the cost of cleaning perfluorinated or polyfluorinated compounds out of drinking water cited 3M as a good corporate citizen in helping pay for the cost of the clean-up around former plants in Minnesota, Alabama and Illinois. That could be because it was 3M who originally developed these chemicals in the 1940's for use in stain proof and non-stick materials. They were subsequently heavily used in firefighting foams which is why any airport, Air Force or naval base tends to suffer from its long lasting impact.

Social

- ADP has put out a release saying it had earned the highest possible rating in the Human Rights Campaign Foundation's 16th annual scorecard on LGBTQ workplace equity.
- InterContinental Hotels has scored 100% for the 4th year in a row on the Human Rights Campaign Foundation's Annual Corporate Equality Index, which ranks the best place to work for LGBTQ people.
- Pepsico has announced that it has teamed up with Feed the Children to feed 800 families in need in Portland Oregon. 18% of Portland's population lives below the poverty line compared to the United States average of 14.5%.
- London Mayor Sadiq Khan said he is shocked that InterContinental Hotels (IHG) has reneged on their commitment to be a London living wage employer, which he believed they made in 2012 to gain the title of official hotels provider to the London Olympics. As per an IHG spokesperson, "we won't be moving forward with gaining the voluntary London living wage accreditation, but remain focused on hospitality as a great career, as well as the associated pay and benefits, to ensure we remain an employer of choice." The spokesperson added that 90% of 'colleagues' are now paid more than the living wage national rate. New IHG CEO Keith Barr was reported in The Guardian to have told the Mayor that rising non-wage costs including rents and business rates stopped IHG from making this guarantee. The issue as to what control IHG has over their franchisees on this front is not explored by the newspaper.
- Women now comprise 27% of the 125,416 employees at Microsoft, compared to 26% last year, thanks to the acquisition of LinkedIn. 3.9% of employees are black (compared to 3.7% last year), while 5.6% of employees are Hispanic (2016: 5.5%).

Governance

- Unilever has signed up to the Evening Standard's Stop Slavery Pledge, aimed at eradicating slavery across the world, especially in developed countries.

Innovation

- Unilever Ventures, Amazon India and IDG Ventures have launched the "2017 Innovation Program" in India with the aim of investing \$0.5m-\$5m in early stage tech start-ups in the country. According to the Economic Times, Unilever invested approximately \$10m in the programme, which in 2016 had more than 1,000 applications from start-ups.

Last Month RRI Change

Best Performer	Change	Worst Performer	Change
Colgate-Palmolive	-8	Paypal	+4

- Paypal has been criticised for avoiding paying tax in a study by Italian company Mediobanca. The study showed that Paypal, along with Facebook, Apple, Microsoft, Amazon and Alphabet avoiding paying 69bn EUR in taxes between 2012 and 2016 by using tax optimisation schemes. On average the companies mentioned above paid only a third of the taxes they could have paid by recognising profits in tax havens such as Ireland, Luxembourg, Netherlands and Singapore.

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.

*Source: Bloomberg. Median numbers except R&D as % of sales which is a mean.

[†]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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2017	-	-	-	-	-	-	-	-	21.7	23.3	21.8	

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