

RepRisk Indicators (RRI)

As at 31st July	FSEF	S&P 500
Environmental	2.2	4.5
Social	8.7	12.2
Governance	10.1	11.8
Total RRI	20.9	28.5
1 month RRI Change	-0.9	-1.1
Peak 24 Month RRI	35	42
RepRisk Rating (RRR)	BBB	BB

Innovation

As at 31st July	FSEF	S&P 500
R&D as % of sales*	5.9%	4.7%
Organic Growth"	6.3%	n/a
Capital Impact™	0.71	0.36

Environmental*

As at 31st July	FSEF	S&P 500
Waste tns/£m FCF	12	3,859
Hazard's Waste tns/£m FCF	0.5	191
Water m³/£m FCF	3,503	461,917
GHG/CO2 tns/£m FCF	217	3,883
Energy MWh/£m FCF	518	17,533

Social*

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

Governance*

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

Least RepRisk

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

Most RepRisk

As at 31st July	RRI
Johnson & Johnson	67
Unilever	45
Pepsico	40
Microsoft	37

Proxy Voting

12 Months ending 31st July	%
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. "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					

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

July Commentary

Environmental

- Unilever is going to start publishing the names of its paper and board suppliers (it already publishes the name of its palm oil and soy suppliers) as part of its efforts to have a "zero-deforestation" supply chain. Unilever has been seeking suppliers of palm oil and soy that have sustainably forestry plans (i.e. net zero deforestation) since 2010.
- Coca-Cola is no longer a member of the Plastics Industry Association and PepsiCo plans to leave the lobbying group at the end of 2019, according to Dow Jones News. Coca-Cola said, "we withdrew earlier this year as a result of positions the organisation was taking that were not fully consistent with our commitments and goals." A spokesperson for the association said, "this is unfortunate – consumer brands are integral to making sustainability commitments into realities..."

Social

- Reckitt Benckiser has reached an agreement with the US Justice Department (DOJ) and the Federal Trade Commission to pay a \$1.4bn penalty that would resolve a federal investigation into the sales and marketing practices of its former prescription drugs subsidiary Indivior, and its opioid-based drug Suboxone Film, as well as antitrust allegations related to blocking competition from generics. The case stems from DOJ charges filed in April 2019 accusing Indivior of falsely claiming that Suboxone Film was safer and less susceptible to abuse than comparable drugs. Indivior, which Reckitt owned until 2014, allegedly also referred patients to doctors it knew would prescribe opioid drugs liberally. The indictment originally demanded a \$3bn cash fine as well as other assets.
- At the opioid trial in Oklahoma, Johnson & Johnson responded to the state's claim that the company was an opioid drug "kingpin" by noting that the two opioid drugs the company sold in Oklahoma accounted for 0.87% of the opioid market in the state. As part of its "kingpin" argument the state says that Johnson & Johnson at one point owned a business which made the active pharmaceutical ingredients (API) in oxycodone and which provided the APIs to other drugmakers who represented 60% of the US oxycodone market.
- Microsoft has agreed to pay the SEC a \$25m settlement over possible breaches of the Foreign Corrupt Practices Act (FCPA) by its subsidiaries. According to SEC and DOJ, Microsoft's Hungarian unit had used large discounts on software licenses to fund bribes for foreign officials. Employees also allegedly misrepresented the reasons for providing the discounts, some of which went as high as 30%. The Hungarian subsidiary was given a criminal fine of \$8.75m.

Governance

- The UK Information Commissioner's Office (ICO) said it intends to fine Marriott £99.2m for infringements of GDPR. The infringements relate to the cyberattack Marriott reported in November 2018. Of the 339m guest records exposed during the attack, 31m were related to residents in the European Economic Area; 7m related to UK residents. The ICO, which is conducting the investigation on behalf of the EU, noted that the cyberattack began when a Starwood system was compromised in 2014 (before there was a GDPR to violate). The ICO said Marriott "failed to undertake sufficient due diligence when it bought Starwood and should also have done more to secure its systems." The ICO statement also notes that "Marriott has cooperated with the ICO investigation and has made improvements to its security arrangements since these events came to light. The company will now have an opportunity to make representations to the ICO as to the proposed findings and sanction."

Last Month RRI Change

Biggest Decrease	Change	Biggest Increase	Change
PepsiCo	-7	Marriott Intl.	+6

- The District of Columbia's Attorney General has sued Marriott International in a US Superior Court over allegations that the firm earned hundreds of millions of dollars through a practice known as deceptive drip pricing. For at least 10 years, Marriott allegedly advertised base prices for rooms to attract customers and then added undisclosed "resort fees" upon booking or checking out, which violated the district's consumer protection laws. Reportedly, at least 189 Marriott hotels worldwide charged undisclosed fees ranging from \$9 to \$95 daily per room. On July 9, 2019, the UK's Information Commissioner's Office separately disclosed that it plans to fine Marriott approximately \$124m over the hacking of Starwood's.