

## RepRisk Indicators (RRI)

As at 31st May	FSEF	S&P 500
Environmental	2.3	4.4
Social	8.2	11.2
Governance	9.0	13.4
<b>Total RRI</b>	<b>19.5</b>	<b>29.0</b>
1 month RRI Change	-1	-2

Peak 24 Month RRI	35	42
-------------------	----	----

RepRisk Rating (RRR)	BBB	BB
----------------------	-----	----

## Innovation

As at 31st May	FSEF	S&P 500
R&D as % of sales*	6.9%	4.3%
Organic Growth <sup>†</sup>	4.9%	n/a
Capital Impact <sup>‡</sup>	0.61	0.15

## Environmental\*

As at 31st May	FSEF	S&P 500
Waste tns/£m FCF	21.8	102.5
Hazard's Waste tns/£m FCF	1.5	4.5
Water m <sup>3</sup> /£m FCF	2,118	7,956
GHG/CO2 tns/£m FCF	202	985
Energy MWh/£m FCF	0.6	2.9

## Social\*

As at 31st May	FSEF	S&P 500
Women Executives	20%	15%
Women Directors	29%	22%

## Governance\*

As at 31st May	FSEF	S&P 500
UN Global Compact Sign's.	43%	5%
Independent Directors	82%	89%

## Least RepRisk

As at 31st May	RRI
IDEXX	0
Intertek	0
Waters	0
Sage	0

## Most RepRisk

As at 31st May	RRI
Unilever	57
Johnson & Johnson	52
Microsoft	50
PepsiCo	34

## Proxy Voting

Last Twelve Months	%
Proxies voted	90
Voted against an item	84
Voted against remuneration policy	79

\*Source: Bloomberg. Median numbers except R&D as % of sales which is a mean.  
<sup>†</sup>Organic Growth is the mean sales growth excluding M&A and FX.  
<sup>‡</sup>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							

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

For professional investors only. © 2018 Fundsmith LLP All rights reserved. The financial promotion on this Site is communicated by Fundsmith LLP. Fundsmith LLP is authorised and regulated by the Financial Conduct Authority. It is entered on the Financial Conduct Authority's register under registered number 523102. Fundsmith LLP is a limited liability partnership registered in England and Wales with number OC354233. Its registered office address is 33 Cavendish Square, London, W1G 0PW.

## May Commentary

### Environmental

- The UK announced that it will work with Canada, India, other Commonwealth countries, and businesses to launch a £50m Marine Plastics Research and Innovation project in order to "develop solutions to stop plastic waste from entering our oceans and to find environmentally friendly alternatives to plastic." Unilever said it will contribute £5m to the project.
- Kone commented that 30% of the electricity it uses is produced from renewable sources and that it recycled or incinerated 99% of waste from manufacturing in 2017.
- Colgate confirmed to us that they haven't conducted any animal testing for the last two years. Colgate sometimes has no choice but to do some form of animal testing as regulators in some markets require it.
- 3M has created a sustainability and product stewardship unit, which will be managed by Dr Gayle Schueller. Dr. Schueller, who has worked at 3M for 20 years, most recently as Vice President for new platforms for growth and commercialisation, has also been appointed Chief Sustainability Officer.
- A piece on fastcompany.com in May talked about Unilever's new US headquarters. Unilever has recently transformed an old office park in New Jersey into its new ultra-sustainable HQ. In the new headquarters 15k sensors measure temperature, light, CO2, humidity, movement to make the building more efficient. On a Friday afternoon in the summer, when many of the building's 1,600 Monday through Thursday occupants are working from home, the sensors can shut down whole floors or even buildings. The piece also quotes a conversation between the Unilever CFO who put it to OVG, the Dutch company who suggested the changes, that despite all the talk, these types of projects never resulted in actual cost savings, and the head of OVG who has guaranteed that over 10 years, the buildings' energy consumption will fall 40% - which will mean carbon emissions fall 50% - and water usage will drop 50%. Shuttles also mean 40% fewer employees have to drive their car to work, the cafeteria sells healthier food - although Ben & Jerry's is an exception - and there are rooms for yoga and de-stressing.

### Social

- Visa's CEO, Alfred Kelly, created a women's advisory group within the company in response to senior female executives telling him that the company fosters a 'bro' culture.
- PepsiCo has announced a \$4m grant to the Robin Hood Foundation to support education and workforce training programs for young women and girls in the Bronx, New York. More than 220k women in the Bronx, equivalent to 1 in 3 people in the borough, are living in poverty.

### Governance

- The Administrative Regional Court of Lazio has upheld a €61m fine imposed by the Italian Antitrust on Unilever on December 2017 for abuse of dominant position in the sector of pre-packaged single-dose ice creams in Italy. The Antitrust claimed that the company had abused its dominant position by imposing exclusive dealing clauses to the retailers of its "Algida" brand ice creams.

### Innovation

- Microsoft claimed that running Exchange email and SharePoint collaboration software on Azure can reduce energy consumption and carbon emissions compared to running the applications on a company's local servers. Switching SharePoint to Azure showed an energy savings between 22-93% for SharePoint operations; small locally run server farms tended to be the most inefficient and saw the most significant energy savings. For other applications, such as Exchange, energy reduction was at least 50%. Microsoft said the energy consumption reductions were partly due to energy-saving technology built into Azure, including chips that use a basic AI to select which servers to use to perform operations. Microsoft also said using Azure was often more sustainable than a company's local servers because Microsoft is buying renewable energy to run its data centres.

### Last Month RRI Change

Biggest Decrease	Change	Biggest Increase	Change
3M	-11	Johnson & Johnson	+6

- In May a jury in the Los Angeles Superior Court awarded \$21.7m in compensatory damages to a woman who claimed she developed cancer after using Johnson & Johnson's baby powder, which allegedly contained asbestos. Two days later the jury ordered J&J to pay another \$4m in punitive damages. The other defendants in the lawsuit include Imerys SA's Imerys Talc America, Cyprus Amax Minerals, a unit of Brenntag, Honeywell International and other talc suppliers. J&J is facing about 9,000 lawsuits claiming ovarian cancers caused by its talc products, with more recent cases basing their claims on alleged asbestos contamination.