

REPRISK INDICATORS (RRI)

As at 31st July	FSEF	S&P 500
Environmental	2.8	4.7
Social	8.7	12.2
Governance	10.4	11.3
Total RRI	22.0	28.2
1 month RRI Change	-0.9	-0.1

Peak 24 Month RRI	36	41
-------------------	----	----

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

INNOVATION

As at 31st July	FSEF	S&P 500
R&D as % of sales*	5.7%	4.5%
Organic Growth**	1.0%	n/a
Capital Impact™	0.59	0.19

ENVIRONMENTAL*

As at 31st July	FSEF	S&P 500
Waste tns/£m FCF	24	3,931
Hazard's Waste tns/£m FCF	1.3	26
Water m³/£m FCF	3,065	301,548
GHG/CO2 tns/£m FCF	204	7,146
Energy MWh/£m FCF	672	42,925

SOCIAL*

As at 31st July	FSEF	S&P 500
Women Executives	37%	18%
Women Directors	32%	26%

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
ADP	0
IDEXX	0
Intuit	0
Sage	0

MOST REPRISK

As at 31st July	RRI
Microsoft	58
Johnson & Johnson	49
PepsiCo	46
Reckitt Benckiser	35

PROXY VOTING

12 Months ending 31st July	%
Proxies voted	100
Voted against an item	75
Voted against remuneration policy	63

*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	24.1	24.9	24.8	22.9	22.9	22.0					

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

JULY 2020 COMMENTARY

Environmental

- Intertek announced the launch of CarbonClear – “the world’s first independent carbon intensity certification program that applies to all Oil & Gas producers.” The CEO said, “Until now there has not been a consistent and transparent evaluation framework that enables companies to disclose and benchmark the emissions associated with the exploration and production stage of the energy cycle against peers in the marketplace.” It will essentially allow companies to track each barrel of oil’s production carbon intensity.
- L’Oréal has announced as part of its plan to make all of its packaging 100% recyclable, reusable and compostable by 2025, that its Garnier brand will stop using virgin plastic in its shampoo and skin care bottles. This will reduce the amount of virgin plastic L’Oréal uses each year by 37,000 tonnes.
- The FAIRR Investor Network (Farm Animal Investment Risk and Return) has named Tesco and Unilever ‘pioneers’ in the alternative protein market. The announcement says that FAIRR now reckons that 40% of leading food companies have their own dedicated teams for plant based products
- Saudi Waste Management Centre (SWMC) and PepsiCo have signed an agreement relating to sustainability projects. The first sustainability project in the partnership will see the Aquafina brand and SWMC introduce smart bins around holy sites during the annual Hajj pilgrimage. The smart bins can segregate, and crush plastic bottles and also operate using solar power, which reduces their carbon footprint. Pepsi will also launch an Aquafina recycling awareness campaign to encourage hajj pilgrims to recycle more.

Social

- PepsiCo has announced it will donate \$25,000 by way of a Gratitude Fund to five restaurants in New York, Los Angeles, Nashville, Albuquerque and Philadelphia as they each inspired a Lay’s flavour.
- Unilever has donated 1m Lifebuoy hygiene products to organisations in the Philippines.

Innovation

- Researchers at Stanford University, that were partly funded by Novo Nordisk, have developed a fast acting insulin which they say could work up to 4x faster than currently available fast acting insulins. The researchers write, “In humans, this difference could translate to a four-fold decrease in the time insulin takes to reach peak activity.” The researchers say that because their insulin formulation activates so quickly – and, therefore, more like insulin in a person without diabetes – it might be a good candidate for use in an artificial pancreas.
- 20 pharma companies, including Johnson & Johnson and Novo Nordisk, announced the creation of the AMR Action Fund, a \$1bn fund to support start-ups developing treatments for antibiotic-resistant infections – also called antimicrobial resistance (AMR). The fund aims to produce 2-4 antibiotics by 2030, as there are too few antibiotics currently in clinical development to meet the world’s current and anticipated needs. Currently, around 700,000 people die each year from AMR infections.

LAST MONTH RRI CHANGE

Biggest Decrease	Change	Biggest Increase	Change
Johnson & Johnson	-9	PepsiCo	+15

- PepsiCo’s RRI increase in July was partly due to it being urged to drop sponsorship for the NFL team previously known as the Washington Redskins, but the main reason was that the second largest bottler in the Pepsi system, Varun Beverages, has been accused of sexual harassment at its Zimbabwean subsidiary (VBZL). Workers at the factory have staged a protest over allegations of human rights abuse, rampant racism, and illegal labour practices. Foreign managers of VBZL allegedly sexually harassed female workers by frequently entering locker rooms while they were undressed. A victim of sexual harassment was reportedly dismissed after reporting the incident. The management also allegedly failed to conduct any investigations despite evidence from CCTV recordings. Moreover, VBZL was accused of failing to provide days-off and practicing selective payment by paying expatriate workers in US dollars while paying local workers in local currency. VBZL reportedly asked the employees to choose a representative who will collect their complaints and put them to management, but instead it apparently terminated the representative’s contract.