

RepRisk Index (RRI)

As at 29 th February	FSEF	MSCI World
Environmental	2.9	5.3
Social	15.6	13.8
Governance	11.0	12.2
Total RRI	29.4	31.3
1 Month RRI Change	0.1	0.4
Peak 24 Month RRI	41	41

Innovation

As at 29 th February	FSEF	MSCI World
R&D as % of sales*	5.6%	5.4%
TTM Organic Growth"	7.4%	n/a
Capital Impact™	0.82	0.21

Environmental*

As at 29 th February	FSEF	MSCI World
Waste tns/£m FCF	41.4	600
Hazard's Waste tns/£m FCF	0.6	20
Water m ³ /£m FCF	2,172	21,975
GHG/CO2 tns/£m FCF	188	401
Energy MWh/£m FCF	616	1,446
Paris Aligned (2°)	59%	n/a
Net Zero commitment	84%	n/a

Social*

As at 29 th February	FSEF	MSCI World
Employees who are women	43%	39%
Management who are women	39%	30%
Executives who are women	29%	20%
Directors who are women	37%	32%

Governance*

As at 29 th February	FSEF	MSCI World
UN Global Compact Sign's.	42%	39%
Independent directors	76%	69%
Executives holding shares	59%	48%
Reporting to CDP	92%	77%
Reporting scope 1&2 GHG emissions	100%	92%
Reporting water withdrawal	71%	64%
Reporting waste generated	67%	62%

Least Reprisk

As at 29 th February	RRI
Waters	0
ADP	0
Fortinet	0
Mettler-Toledo	0

Most Reprisk

As at 29 th February	RRI
Novo Nordisk	64
Alphabet	62
Microsoft	58
McDonald's	55

Proxy Voting

12 months ending 29 th December	%
Proxies voted	100
Voted against management	10
Voted against remuneration policy	51

February 2024 commentary

Environmental

- ▶ Alphabet's Google and the Environmental Defense Fund are working together to better identify opportunities to reduce methane emissions and encourage action. The Environmental Defense Fund is launching their MethaneSAT satellite in March and is using Google Cloud computing and storage to run the algorithms that can identify and trace releases of methane from the images the satellite captures.
- ▶ Microsoft has agreed to purchase 350,000 tonnes of carbon removal credits in a six-year offtake agreement with Catona Climate. The credits will be generated by an agroforestry project in Kenya, which is funded, designed and managed by Catona in partnership with a nonprofit called Trees for the Future.
- ▶ Microsoft announced it has entered a six-year offtake agreement with Neusark, a Swiss carbon removal developer. Neusark uses a novel process to capture CO2 and permanently store it in existing mineral waste streams, such as demolition concrete. Neusark will provide Microsoft with 27,600 tonnes of carbon offset credits.

Social

- ▶ Alphabet announced it paused the image generation feature on its AI tool Gemini. The image generation caused controversies due to inaccuracies when generating historical images. Some prompts from users saw Gemini incorrectly assign a variety of ethnicities and genders to historical figures, including popes, the founders of the US, Vikings, and German World War II soldiers.
- ▶ Home Depot has been ordered to rehire a worker who was fired for refusing to remove the "Black Lives Matter" logo from their work apron. The National Labor Relations Board found that the employee's actions were legally protected and that the company violated federal labour law by enforcing a policy that forbids workers from placing political messages on their aprons.
- ▶ Marriott announced that two of its hotels in Costa Rica have reduced the value of their food waste by 25% since the introduction of the Leanpath food waste prevention platform last year. Leanpath's food waste tracking devices allow high-production food and beverage operations to better understand what food is wasted and why.
- ▶ McDonald's made a \$1 million donation to Operation HOPE's 'The 1865 Project' in February. The Project aims to provide essential tools and resources to help individuals and families make informed financial decisions, foster economic independence, and create pathways to prosperity. Operation HOPE has been operating since 1992 with the goal of making free enterprise and capitalism work for low and moderate-income youth and adults in the US.

Innovation

- ▶ Unilever brand Ben & Jerry's launched a new oat base for its non-dairy ice creams. Ben and Jerry's existing non-dairy ice creams, made using an almond base, often lack the creaminess of dairy ice cream, and the almond base can sometimes impact the final product's taste. After testing 70 different formulations, Unilever's researchers found that using an oat base delivered creaminess similar to the dairy version and had the most negligible impact on the final product's taste.

Last Month RRI Change

Biggest Decrease	Biggest Increase
PepsiCo -6	Greggs +16

Greggs' RepRisk Index increased by 16 after the UK Government named the company (and 523 others) on a list of those who have failed to pay the minimum wage to its employees since 2015. The UK Government stated that the businesses named in the list have since paid back what they owe to their staff and have also faced financial penalties of "up to 200 per cent of their underpayment". Greggs was accused of owing 4,800 workers £219k in wages (~£45 each).

*Source: Bloomberg and company reports. Weighted average numbers. The Environmental numbers presented above are a guide only as reporting is nascent with only c.75% 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 and scaling for company's assets. "Organic Growth" is the trailing twelve month, reported average sales growth excluding M&A and FX, using last reported numbers. 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.