

RepRisk Index (RRI)

As at 31 st July	FSEF	MSCI World
Environmental	2.1	5.6
Social	11.7	13.4
Governance	13.5	11.1
Total RRI	27.3	30.1
1 Month RRI Change	0.1	0.1
Peak 24 Month RRI	40	41

Innovation

As at 31 st July	FSEF	MSCI World
R&D as % of sales*	6.3%	5.3%
TTM Organic Growth"	9.2%	n/a
Capital Impact™	0.54	0.23

Environmental*

As at 31 st July	FSEF	MSCI World
Waste tns/£m FCF	28	444
Hazard's Waste tns/£m FCF	0.4	15
Water m ³ /£m FCF	1,573	24,807
GHG/CO2 tns/£m FCF	66	251
Energy MWh/£m FCF	344	935
Paris Aligned (2°)	68%	n/a
Net Zero commitment	85%	n/a

Social*

As at 31 st July	FSEF	MSCI World
Employees who are women	45%	38%
Management who are women	34%	29%
Executives who are women	24%	18%
Directors who are women	36%	29%

Governance*

As at 31 st July	FSEF	MSCI World
UN Global Compact Sign's.	46%	34%
Independent directors	79%	72%
Executives holding shares	62%	49%
Reporting to CDP	92%	72%
Reporting scope 1&2 GHG emissions	100%	91%
Reporting water withdrawal	75%	64%
Reporting waste generated	81%	62%

Least Reprisk

As at 31 st July	RRI
Waters	0
ADP	0
Church & Dwight	4
Mettler-Toledo	5

Most Reprisk

As at 31 st July	RRI
Alphabet	67
Microsoft	60
Johnson & Johnson	55
Unilever	51

Proxy Voting

12 months ending 30 th June	%
Proxies voted	100
Voted against management	10
Voted against remuneration policy	54

July 2023 commentary

Environmental

- ▶ Home Depot has announced a series of new climate-related goals. The goals include a target to reduce the emissions from using the products it sells by 25% by 2030. Scope 3 emissions, or those generated by the company's value chain and outside of their direct control, account for more than 70% of Home Depot's emissions footprint, with "Use of Sold Products" representing its most significant contribution to Scope 3 emissions. The company also announced commitments to reduce their Scope 1 and 2 emissions by 42% compared to 2020.
- ▶ PepsiCo has partnered with Walmart, announcing the launch of a new strategic collaboration to enable the adoption of regenerative agriculture practices covering more than 2 million acres of farmland in the US and Canada. The partnership plans to invest \$120 million to support farmers to improve soil health and water quality.
- ▶ Estée Lauder announced the launch of its new Responsible Store Design program. The program provides a framework for assessing new and existing stores across sustainability-related areas, including waste reduction, water and energy conservation, and responsible material sourcing. Estee Lauder has set various environmental sustainability goals, including targets to reduce Scope 1 and 2 greenhouse gas emissions by 50% and Scope 3 emissions from categories including purchased goods and services, upstream transportation and distribution and business travel by 60% by 2030.

Social

- ▶ Visa has announced 10 new winners of its She's Next grant program for women entrepreneurs. The program is a collaboration with IFundWomen and is designed to increase access to funding and education for women-owned businesses.
- ▶ Visa, as part of its partnership with the FIFA Women's World Cup 2023, announced that it would provide \$500,000 in total grant funding for women-owned small businesses alongside the Player of the Match award. Visa will award 64 grants to businesses from the same country as the national team represented by the winning player.
- ▶ Pepsi's Frito-Lay brand announced the continuation of their partnership with FIFA in support of the World Cup. The brand was signed on as a North American Tournament Supporter and "Official USA Snack" for the upcoming competition. Pepsi's investment in the 2023 Women's World Cup will be its largest ever in women's sport.
- ▶ Estée Lauder suffered a data breach after a hacker accessed their systems. The company said that the incident had caused and is expected to cause further disruption to the company's operations. Estée said they were trying to understand the nature and scope of the breached data but did not disclose further details about the impact on their operations.
- ▶ Unilever has sent a letter to campaign group B4Ukraine saying it would comply with Russia's conscription law, allowing its employees to be sent to fight in Ukraine if called up. However, any conscripted employees will no longer be paid by Unilever. In the letter, Unilever said it "absolutely condemns the war in Ukraine as a brutal, senseless act by the Russian state". Unilever has been pressured to pull out of Russia but says the situation is "not straightforward". If it abandoned operations, they would be "appropriated and then operated" by the Russian state. Unilever has been unable to find a way to sell their Russian business, which protects their employees and prevents any benefit to the Russian state.

Last Month RRI Change

Biggest Decrease	Biggest Increase
Marriott -8	Novo Nordisk +7

Novo Nordisk's RepRisk Index increased by 7 in July because of two pieces of news. Firstly, Reuters reported that a contractor used to pack Wegovy, Catalent, has had its facility in Brussels criticised for repeated violations of the US sterile-safety regulations. This meant it was temporarily closed twice between October 2021 and August 2022, which has been one of the reasons for limited Wegovy supplies. The second reason for the increase was the news that the European Medicines Agency (EMA) is investigating the risks of GLP-1 drugs, including Novo Nordisk's diabetes drug Ozempic and weight-loss drug Saxenda, following reports of three patients experiencing suicidal thoughts or self-harm in Iceland.

*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.