

RepRisk Index (RRI)

As at 30 th September	FSEF	MSCI World
Environmental	2.9	5.6
Social	12.4	12.7
Governance	13.3	10.9
Total RRI	28.6	29.3
1 month RRI Change	0.5	-0.2
Peak 24 Month RRI	40	39

Innovation

As at 30 th September	FSEF	MSCI World
R&D as % of sales*	7.3%	5.1%
TTM Organic Growth*	11.8%	n/a
Capital Impact™	0.45	0.13

Environmental*

As at 30 th September	FSEF	MSCI World
Waste tns/£m FCF	21	770
Hazard's Waste tns/£m FCF	0.5	17
Water m ³ /£m FCF	1,371	31,654
GHG/CO2 tns/£m FCF	56	336
Energy MWh/£m FCF	319	5,481
Paris Aligned (2°)	71%	n/a
Net Zero commitment	73%	n/a

Social*

As at 30 th September	FSEF	MSCI World
Employees who are women	44%	38%
Management who are women	31%	29%
Executives who are women	25%	16%
Directors who are women	34%	28%

Governance*

As at 30 th September	FSEF	MSCI World
UN Global Compact Sign's.	32%	31%
Independent directors	80%	71%
Executives holding shares	65%	49%
Reporting to CDP	92%	67%
Reporting scope 1&2 GHG emissions	100%	84%
Reporting water withdrawal	76%	58%
Reporting waste generated	72%	56%

Least Reprisk

As at 30 th September	RRI
Waters	0
ADP	1
Coloplast	6
Amadeus	12

Most Reprisk

As at 30 th September	RRI
Alphabet	66
Johnson & Johnson	64
Microsoft	55
Procter & Gamble	50

Proxy Voting

12 Months ending 30 th September	%
Proxies voted	100
Voted against management	9
Voted against remuneration policy	52

September 2022 commentary

Environmental

- ▶ PepsiCo has announced a “ground-breaking 7.5-year strategic commercial agreement” with Archer-Daniels-Midland to significantly expand regenerative agriculture across their shared North American supply chains. The companies plan to incentivise corn, soy, and wheat farmers in Kansas, Minnesota, Iowa, Illinois, Indiana, and Nebraska to use regenerative farming techniques. The companies will provide technical and financial assistance to farmers who enrol in the regenerative farming program. The companies say the regenerative farming techniques will help to remove up to 1.4m tonnes of greenhouse gas emissions.
- ▶ Absolicon, a company that makes solar heating systems, has announced that it will work with PepsiCo on a feasibility study to use their systems at three of the company’s factories in South Africa. Absolicon’s heating system can provide steam at temperatures of up to 160°C and at eight bars of pressure.
- ▶ Procter & Gamble announced its largest solar energy agreement, unveiling a 200 MW Power Purchase Agreement (PPA) with energy provider ENGIE. The agreement will supply P&G with more than 530,000 MWh of renewable power per year, which is expected to displace the equivalent of more than 367,000 metric tonnes of greenhouse gas from the electricity grid each year.
- ▶ Waters’ manufacturing facility in Taunton, Massachusetts has received LEED certification from the US Green Building Council.

Social

- ▶ Johnson & Johnson has reached a \$40.5m settlement with the US state of New Hampshire to resolve allegations that its subsidiary, Janssen Pharmaceuticals, fuelled an opioid epidemic. The state accused the companies of misrepresenting the risk of addiction as they aggressively marketed opioids to vulnerable consumers for use against chronic pain. The new settlement comes after Johnson & Johnson and three other drug distributors agreed to a \$26 billion nationwide settlement to resolve opioid litigation with other US states in February this year.
- ▶ Google mostly failed in its bid to appeal a record €4.3bn European Union antitrust fine that was centred on its control over the Android mobile phone ecosystem. Judges upheld the vast majority of the European Commission’s arguments but cut the penalty to €4.1bn after finding faults in some of the regulator’s analysis, infringing Google’s right to a fair hearing. The EU was arguing that Google illegally forced handset makers to pre-install Google Search and Chrome as a condition for getting licensed on Android app marketplace. Google said “We are disappointed that the court did not annul the decision in full. Android has created more choice for everyone, not less, and supports thousands of successful businesses in Europe and around the world”.
- ▶ Indonesia’s antitrust regulator is investigating Alphabet’s Google for suspected abuse of its dominant position by forcing app developers to use Google Pay, which allegedly charges higher fees. South Korea’s regulator is also investigating the company for a similar issue as it is illegal in Korea to require app developers to use a specific payment system.

Government

- ▶ In response to a shareholder request, Home Depot has said it will prepare racial equity and deforestation assessments.

Last Month RRI Change

Biggest Decrease	Biggest Increase
IDEXX -10	Zoetis +18

Zoetis’ RepRisk Index score increased by 18 points in September, which is largely a reflection of its typically very low score. The increase in score was due to an 8,000 BRL (£1,320) compensation payment the company was ordered to pay to an employee in Brazil. The employee, who the court judged to be improperly trained, slipped and fell when giving pigs hormonal injections in 2018, landing on one of the needles. This gave the employee temporary hormonal changes.

*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.