

RepRisk Index (RRI)

As at 31 st May	FSEF	MSCI World
Environmental	2.3	5.6
Social	11.5	13.2
Governance	12.8	11.1
Total RRI	26.5	29.8
1 Month RRI Change	-0.4	0.8
Peak 24 Month RRI	40	40

Innovation

As at 31 st May	FSEF	MSCI World
R&D as % of sales*	6.7%	5.4%
TTM Organic Growth*	10.6%	n/a
Capital Impact™	0.52	0.22

Environmental*

As at 31 st May	FSEF	MSCI World
Waste tns/£m FCF	26	557
Hazard's Waste tns/£m FCF	0.4	19
Water m ³ /£m FCF	1,521	30,533
GHG/CO2 tns/£m FCF	63	303
Energy MWh/£m FCF	334	4,608
Paris Aligned (2°)	70%	n/a
Net Zero commitment	87%	n/a

Social*

As at 31 st May	FSEF	MSCI World
Employees who are women	45%	38%
Management who are women	34%	29%
Executives who are women	25%	18%
Directors who are women	37%	29%

Governance*

As at 31 st May	FSEF	MSCI World
UN Global Compact Sign's.	46%	36%
Independent directors	80%	71%
Executives holding shares	62%	48%
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 May	RRI
Waters	0
ADP	0
Church & Dwight	7
Mettler-Toledo	8

Most Reprisk

As at 31 st May	RRI
Alphabet	65
Microsoft	60
Unilever	55
Johnson & Johnson	51

Proxy Voting

12 months ending 31 st March	%
Proxies voted	100
Voted against management	9
Voted against remuneration policy	59

May 2023 commentary

Environmental

- ▶ Microsoft has announced an agreement to source energy from Helion's planned nuclear fusion power plant, which is anticipated to be the world's first when it comes online in 2028.
- ▶ Staying with Microsoft's environmental efforts, the company has announced an agreement with Danish energy provider Ørsted to remove carbon from the atmosphere. Under the new deal, Ørsted will capture and store biogenic carbon – emissions resulting from the burning of biomass woodchips – generated at its Asnæs Power Station in Denmark for the next 11 years. The deal plans to remove 2.76m tonnes of carbon, making it one of the largest-ever carbon removal deals.
- ▶ PepsiCo and UEFA have partnered to make this year's Champions League final the most sustainable ever. Measures include zero plastic and biodegradable fibre cups, Doritos in returnable trays, and all Pepsi brands using 100% recyclable packaging.
- ▶ In Australia, a group of companies, including PepsiCo, are pushing the government to allow biomethane – gas from rotting waste and rubbish dumps – to be mixed in with currently used gases to increase renewable energy production. The US and Germany already allow this.

Social

- ▶ Last month a Washington Post journalist wrote that he visited various places in California that offer abortions to test Google's claim that it would delete such visits from a user's location history. A colleague of the journalist did the same in Florida. The journalists found that some visits remained visible in location history a week later with labels like "planned parenthood – San Francisco". In contrast, records of visits to other sites were deleted within 24 hours. A Google spokesperson did not address the inconsistencies, prompting several Democrat senators to write a letter to the company asking it to explain the discrepancies. The senators also said, "claiming and publicly announcing that Google will delete sensitive location data, without consistently doing so, could be considered a deceptive practice".
- ▶ Canada's federal and provincial regulators have opened a joint investigation into Microsoft-backed OpenAI's practices due to alleged privacy concerns about collecting and disclosing users' information through its product ChatGPT.
- ▶ Estee Lauder announced the appointment of Nancy Mahon as the company's first Chief Sustainability Officer. Mahon joined Estee Lauder in 2006 as the vice president of MAC Cosmetics and Executive Director of the MAC AIDS Fund. She has also held roles including Senior Vice President for Philanthropy and Social Initiatives. Most recently, she was the company's Senior Vice President of Global Corporate Citizenship and Sustainability. The newly created Chief Sustainability Officer role will focus on integrating and implementing the company's sustainability initiatives and ESG reporting.

Governance

- ▶ In a recent SEC filing, Stryker disclosed an ongoing investigation into whether its business activities in an unspecified foreign country have violated US anti-corruption laws. In 2018, Stryker reportedly paid \$7.8m in penalties to resolve SEC allegations of inadequate anti-corruption measures in India, China and Kuwait. In 2013, Stryker paid the SEC \$13.2m to settle claims that it paid bribes to doctors and administrators of public hospitals in Argentina, Greece, Mexico, Poland and Romania.

Last Month RRI Change

Biggest Decrease	Biggest Increase
PepsiCo -12	Marriott +6

Marriott's RepRisk Index increased by 6 in May. The increase was due to the company entering into a voluntary agreement with the US State of Texas to be more transparent over resort fees when giving prices in its booking process and advertising. Texas's Attorney General accused Marriott and other hotel groups of anti-competitive and fraudulent practices by not including specific mandatory fees in their advertised rates.

*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.