

RepRisk Index (RRI)

As at 31 st October	FSEF	MSCI World
Environmental	2.8	5.6
Social	12.9	13.7
Governance	14.3	11.5
Total RRI	30.0	30.8
1 Month RRI Change	-1.0	-0.1
Peak 24 Month RRI	43	41

Innovation

As at 31 st October	FSEF	MSCI World
R&D as % of sales*	6.6%	5.5%
TTM Organic Growth"	9.1%	n/a
Capital Impact™	0.63	0.36

Environmental*

As at 31 st October	FSEF	MSCI World
Waste tns/£m FCF	31	421
Hazard's Waste tns/£m FCF	0.4	14
Water m ³ /£m FCF	4,081	23,845
GHG/CO2 tns/£m FCF	64	257
Energy MWh/£m FCF	341	907
Paris Aligned (2°)	66%	n/a
Net Zero commitment	85%	n/a

Social*

As at 31 st October	FSEF	MSCI World
Employees who are women	42%	38%
Management who are women	30%	29%
Executives who are women	23%	19%
Directors who are women	35%	30%

Governance*

As at 31 st October	FSEF	MSCI World
UN Global Compact Sign's.	48%	41%
Independent directors	80%	72%
Executives holding shares	58%	49%
Reporting to CDP	92%	72%
Reporting scope 1&2 GHG emissions	100%	92%
Reporting water withdrawal	72%	65%
Reporting waste generated	74%	62%

Least Reprisk

As at 31 st October	RRI
Waters	0
ADP	0
Fortinet	0
Mettler-Toledo	1

Most Reprisk

As at 31 st October	RRI
Alphabet	65
Microsoft	59
McDonald's	52
Unilever	52

Proxy Voting

12 months ending 29 th September	%
Proxies voted	100
Voted against management	10
Voted against remuneration policy	54

October 2023 commentary

Environmental

▶ The NGO Earth Island sued PepsiCo and seven other companies at a US State Court for allegedly misleading consumers about how recyclable its single-use plastic products are. According to the lawsuit, the companies have reportedly been marketing their products as recyclable despite knowing that most will not be recycled due to cost and labour constraints. Allegedly, 14% of global plastic pollution can be traced to just three companies, while less than 10% of the plastic produced each year is recycled. The companies have also been accused of violating California's Unfair Competition Law for potential fraudulent claims.

Social

- ▶ A joint investigation by various UK newspapers has accused a McDonald's franchisee in Saudi Arabia of workplace abuses. Reportedly, workers at Saudi McDonald's restaurants, which are owned and operated by franchisee Riyadh International Catering (RIC), have been subjected to verbal abuse and long working hours with no breaks or overtime payment. The workers also allegedly paid hefty recruitment fees to employment agencies in their home countries. Recruitment fees are considered debt bondage, as workers tend to get loans to pay the fees and then work to pay off the loan. As part of the same investigation, Amazon, Chuck E. Cheese and IHG were also accused of abusive workplace practices in several Persian Gulf countries.
- ▶ Of relevance to Unilever, Paraguayan authorities have announced the recall of Dove-branded liquid soap products manufactured in Brazil on two days in April as they may contain microorganisms that pose health risks.
- ▶ Chinese courts have ordered L'Oréal to pay 1.2m CNY (£140,000) to an unnamed competitor for reportedly using similar advertising that may have misled customers and constituted unfair competitive behaviour.

Governance

- ▶ Microsoft has been asked to pay \$28.9bn in back taxes, penalties, and interest by the US Internal Revenue Service over its use of transfer pricing from 2004 to 2013. Allegedly, Microsoft reported higher profits in countries with low tax rates and lower profits in those with higher tax rates. Microsoft says that it followed IRS rules and will appeal the decision in a process expected to take several years.

Innovation

- ▶ Alphabet has announced the launch of Project Green Light, which uses AI to help cities reduce emissions from traffic waiting at traffic lights. Emissions from cars waiting at traffic lights can be 29 times higher than those on open roads. Alphabet's solution uses AI and Google Maps-based driving trends to make recommendations to city engineers on how to best optimise traffic light timings. The improved traffic flow in a city reduces the emissions from cars waiting at red lights. The recommendations can be implemented in as little as five minutes using existing infrastructure.

Last Month RRI Change

Biggest Decrease
Church & Dwight -9

Biggest Increase
Otis Worldwide +7

Otis's RepRisk Index increased by 7 in October after a court in Germany awarded €18.5m in damages to the national railway company, Deutsche Bahn, and others, because ThyssenKrupp, Otis, Kone and Schindler allegedly fixed the prices of elevator and escalators it bought.

*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.