

RepRisk Index (RRI)

As at 31 st January	FSEF	MSCI World
Environmental	2.2	4.8
Social	13.6	14.7
Governance	12.0	14.4
Total RRI	27.9	33.9
1 Month RRI Change	0.6	0.7
Peak 24 Month RRI	41	43
RRR	BB	B

Innovation

As at 31 st January	FSEF	MSCI World
R&D as % of sales*	6.8%	2.9%
TTM Organic Growth**	7.4%	3.8%
Capital Impact™	0.70	0.19

Environmental*

As at 31 st January	FSEF	MSCI World
Waste tns/£m FCF	13.5	784
Hazard's Waste tns/£m FCF	0.4	37
Water m ³ /£m FCF	1,801	36,509
GHG/CO2 tns/£m FCF	96	230
Energy MWh/£m FCF	784	1,037
SBTi validated 1.5° aligned	69%	44%
SBTi net zero aligned	51%	26%

Social*

As at 31 st January	FSEF	MSCI World
Employees who are women	41%	38%
Management who are women	35%	31%
Executives who are women	31%	21%
Directors who are women	38%	34%

Governance*

As at 31 st January	FSEF	MSCI World
Compliance with GRI	71%	53%
Independent directors	79%	72%
Executives holding shares	59%	41%
Reporting to CDP	92%	73%
Reporting scope 1&2 GHG emissions	88%	58%
Reporting water withdrawal	75%	58%
Reporting waste generated	67%	49%

Least Reprisk

As at 31 st January	RRI
Waters	0
IDEXX	0
Amadeus	0
Mettler-Toledo	0

Most Reprisk

As at 31 st January	RRI
Alphabet	63
Microsoft	61
Mastercard	52
Novo Nordisk	51

Proxy Voting

12 months ending 31 st December	%
Proxies voted	100
Voted against management	5
Voted against executive remuneration	71

January 2025 commentary

Environmental

- ▶ IBM and L'Oréal announced a new collaboration using generative artificial intelligence (GenAI) technology to discover new insights into cosmetic formulation. The collaboration aims to develop a custom AI model engineered to aid L'Oréal's Research and Innovation teams in creating products that use more sustainable raw materials while reducing energy consumption and waste.
- ▶ Google announced that it signed two biological charcoal (biochar)-based carbon removal agreements with Varaha and Charm Industrial. The agreements amount to 200,000 tonnes, making them the largest ever biochar-based carbon removal agreements.
- ▶ Leeward Renewable Energy (LRE) announced that Google was a key supporter of its recently announced renewable energy projects in Oklahoma. LRE have started the construction of several solar power projects in the state, amounting to over 700 MW of additional renewable energy. Google supported the projects via a series of power purchase agreements.
- ▶ Re:green, a Brazilian start-up, announced that it was expanding its forest restoration partnership with Microsoft. In May 2024, the companies announced that they were working together to restore 15,500 hectares of the Amazon and Atlantic Forests, generating three million tonnes of carbon removal credits to be purchased by Microsoft. The expansion of the projects adds another 17,500 hectares of forest restoration, creating an additional 3.5 million tonnes of carbon credits.

2025 metric updates

- ▶ We have updated our climate alignment metrics, replacing 'Paris Aligned (2°C)' with 'SBTi Validated 1.5°C Aligned', and 'Net Zero Commitment' with 'SBTi Net Zero Aligned'. These changes reflect the increasing proportion of companies choosing to align with the more ambitious target of limiting global warming to 1.5°C and the importance of setting science-based emission reduction targets. These numbers will be calculated and reported monthly.
- ▶ We have replaced our 'UN Global Compact Signatory' metric with 'Compliance with GRI'. The Global Reporting Initiative (GRI) has developed a series of reporting standards that play a material role in advancing the practice of sustainability reporting. We believe that GRI alignment serves as a more appropriate proxy for company management's approach to monitoring and reporting their business's external impacts than the UN Global Compact, which is becoming less relevant.
- ▶ Research and Development as a percent of sales (R&D as a percentage of sales) is now represented by a median number. Some companies within the MSCI World Index have recently reported very low sales and very large research and development expenses, which distorts the mean number. Hence, we are now using a median.

Last Month RRI Change

Biggest Decrease	Biggest Increase
P&G - 12	Mastercard +13

Mastercard's RepRisk Index (RRI) increased by 13 in January after the company agreed to settle a pay discrimination lawsuit in the US. Mastercard was accused of systematically underpaying around 7,500 female, black, and Hispanic employees in the US since 2016 by assigning some workers to roles below their experience levels and paying less than that received by male and white colleagues in similar positions.

*Source: Bloomberg and company reports. Environmental numbers are weighted averages, others are simple averages except *R&D as a % of sales, which is a median. The Environmental numbers presented above are a guide only as 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 assess 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.