

Reprisk Indicators (RRI)

As at 31st January	FSEF	MSCI World
Environmental	3.5	4.8
Social	11.2	11.5
Governance	13.0	10.4
Total RRI	27.7	26.8
1 month RRI Change	-3.0	-2.4
Peak 24 Month RRI	38	38

Innovation

As at 31st January	FSEF	MSCI World
R&D as % of sales*	7.8%	6.0%
TTM Organic Growth*	28.1%	n/a
Capital Impact™	0.40	0.13

Environmental*

As at 31st January	FSEF	MSCI World
Waste tns/£m FCF	23	892
Hazard's Waste tns/£m FCF	0.4	18
Water m³/£m FCF	1,636	32,180
GHG/CO2 tns/£m FCF	64	353
Energy MWh/£m FCF	332	1,332
Paris Aligned (2°)	64%	n/a
Net Zero commitment	69%	n/a

Social*

As at 31st January	FSEF	MSCI World
Employees who are women	44%	38%
Management who are women	30%	29%
Executives who are women	25%	16%
Directors who are women	35%	27%

Governance*

As at 31st January	FSEF	MSCI World
UN Global Compact Sign's.	41%	38%
Independent directors	77%	71%
Executives holding shares	66%	51%
Reporting to CDP	92%	61%
Reporting scope 1&2 GHG emissions	100%	82%
Reporting water withdrawal	78%	58%
Reporting waste generated	73%	56%

Least Reprisk

As at 31st January	RRI
Undisclosed Position	0
IDEXX	0
Waters	0
Undisclosed Position	8

Most Reprisk

As at 31st January	RRI
Johnson & Johnson	63
Alphabet	56
Starbucks	54
P&G	53

Proxy Voting

12 Months ending 31st January	%
Proxies voted	100
Voted against an item	6
Voted against remuneration policy	47

January 2022 commentary

New data for 2022

Starting this month, the factsheet has been updated to give more detail on the companies owned in the Fundsmith Sustainable Equity Fund. This includes the addition of several new metrics:

- ▶ Temperature alignment metrics to provide more insight into the portfolio's commitment to mitigating climate change:
 - ▶ Paris Aligned (maximum warming of 2°C) – the percentage of the portfolio at the end of the last quarter that were aligned to the Paris Agreement.
 - ▶ Net zero commitment – the percentage of the portfolio at the end of the last quarter that have made a commitment to reach net zero carbon emissions.
- ▶ Social metrics to show the level of diversity at different levels of seniority:
 - ▶ % employees who are women – simple average across the portfolio for those that report.
 - ▶ % management who are women – simple average across the portfolio for those that report.
- ▶ Governance metrics to reflect management's "skin in the game" and the percentage of the portfolio that report different ESG-related statistics. This gives more insight into what proportion of the environmental statistics are estimated – we think it demonstrates the superior corporate governance of the companies which we invest in. The metrics are:
 - ▶ % of executives holding shares – simple average across the portfolio for those that report. Shows how aligned management's incentives are with those of shareholders.
 - ▶ % reporting to CDP – the percentage of the portfolio that reports its CO2 emissions to the CDP, which ensures a consistent methodology.
 - ▶ % reporting scope 1/2 GHG emissions - the percentage of the portfolio that report scope 1/2 emissions (i.e. those that we don't generate an estimate for).
 - ▶ % reporting water withdrawal - the percentage of the portfolio that reports water withdrawal (i.e. those that we don't generate an estimate for).
 - ▶ % reporting waste generated - the percentage of the portfolio that reports waste generated (i.e. those that we don't generate an estimate for).
- ▶ Proxy voting metrics have also been updated slightly to reflect improvements in our proxy voting procedures:
 - ▶ Proxy voting statistics are based on the number of actual votes in the 12 months to the end of the most recent quarter, rather than by AGMs as was done previously.
 - ▶ Proxies voted – % of available votes voted on during the period
 - ▶ Voted against management - % of available votes voted against management's recommendation during the period
 - ▶ Against remuneration policy - % of remuneration policies voted against during the period

We will continue to add more statistics that we think are informative when appropriate.

Environmental

- ▶ Zoetis has announced a 15-year virtual power purchase agreement with Vesper Energy. Vesper will supply 40 MW of renewable solar energy to the grid, which is paid for by Zoetis and is used to offset its use of non-renewable power. The 40 MWs is enough to power 33% of Zoetis' North American operations.
- ▶ Zoetis also announced this month that it will be carbon neutral and use 100% renewable energy in all of its operations by 2030.
- ▶ The Microsoft Climate Innovation Fund has invested \$50m in LanzaJet, a sustainable fuels company, helping the company build a plant in Georgia that turns alcohol into jet fuel.
- ▶ Eastman Chemical said it is investing \$1b to build a "material-to-material molecular recycling facility in France". The facility, expected to be operating by 2025, could recycle up to 160,000 metric tonnes of hard-to-recycle plastic waste annually, currently being incinerated. The recycled plastics output by Eastman's process are said (by Eastman) to be comparable to "virgin-quality material." LVMH, Estee Lauder, P&G, L'Oréal, and Danone have all signed letters of intent for multiyear supply agreements from the facility.

Social

- ▶ In November 2021 we noted in the proxy voting that one of Microsoft's shareholder proposals was for a report on the effectiveness of Microsoft's sexual harassment policies. A majority of shares voted in favour of the report. Microsoft has since hired a law firm, Arent Fox, to review its sexual harassment and gender discrimination policies and to review the board's 2019 investigation into whether Bill Gates violated harassment policies.

Last Month RRI Change

Biggest Decrease Home Depot -11	Biggest Increase Microsoft +3
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- ▶ Microsoft's RepRisk Index (RRI) increased by 3 in January after the company announced it was going to buy Activision Blizzard, which has a subsidiary where employees have made allegations against the company. Quality assurance testers working at Activision Blizzard subsidiary Raven Software have formed a union in the US amid allegations of overworking, sexual harassment and discrimination.

*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.