

Reprisk Indicators (RRI)

As at 31st December	FSEF	MSCI World
Environmental	4.1	5.1
Social	12.2	12.5
Governance	14.4	11.6
Total RRI	30.7	29.2
1 month RRI Change	+0.2	+0.1
Peak 24 Month RRI	40	41

Innovation

As at 31st December	FSEF	MSCI World
R&D as % of sales*	7.1%	5.7%
TTM Organic Growth"	28.1%	n/a
Capital Impact™	0.36	0.13

Environmental*

As at 31st December	FSEF	MSCI World
Waste tns/£m FCF	23	1,268
Hazard's Waste tns/£m FCF	0.4	24
Water m³/£m FCF	1,570	43,063
GHG/CO2 tns/£m FCF	106	508
Energy MWh/£m FCF	324	2,137

Social*

As at 31st December	FSEF	MSCI World
Women Executives	26%	17%
Women Directors	35%	28%

Governance*

As at 31st December	FSEF	MSCI World
UN Global Compact Sign's.	40%	36%
% independent directors	80%	71%

Least Reprisk

As at 31st December	RRI
IDEXX	0
Waters	0
ADP	15
Church & Dwight	15

Most Reprisk

As at 31st December	RRI
Johnson & Johnson	67
Undisclosed Holding	58
Procter & Gamble	57
Starbucks	54

Proxy Voting

12 Months ending 31st December	%
Proxies voted	100
Voted against an item	76
Voted against remuneration policy	68

December 2021 commentary

Environmental

- ▶ Johnson & Johnson (J&J) announced a new power purchase agreement (PPA) in December, allowing it to power all its US, Canada and European operations with renewable energy by 2023. The deal is a major step towards the company's goals to power operations with 100% renewable electricity by 2025, and to achieve carbon neutrality across global operations by 2030. At the end of 2020, 54% of J&J's global electricity came from renewable sources.
- ▶ Renewable energy developer Vesper Energy has announced a new 15-year virtual power purchase agreement with Zoetis, providing 40 MW of additional renewable energy to the grid. This is sufficient to power 33% of Zoetis' North American operations. The energy under the VPPA will be generated from Vesper's 500 MW Hornet Solar project in west Texas, which is targeted to be fully operational by the end of 2023.
- ▶ Of the 13,000 companies that report to the CDP, only 14 received 'A' grades for all three of the CDP reports on Climate Change, Forests and Water. L'Oréal and Unilever both received three A-grades for their reports.
- ▶ L'Oréal is working with Veolia to increase the amount of recycled plastic the company uses in its packaging. According to Veolia, using recycled plastic for cosmetic packaging can avoid 50% to 70% of CO2 emissions compared to a standard bottle. Veolia uses "pelletisation technology" to recycle plastics and remove any organic compounds, producing plastic that has an equivalent quality to virgin plastic.

Social

- ▶ Starbucks closed two stores in Wuxi, China following reports that someone at the store was changing the expiry dates on food items by replacing date tags. Starbucks is investigating.
- ▶ In other Starbucks news, the company has said it will negotiate with the union that represents employees at a store in Buffalo. A Starbucks vice president said, "From the beginning, we've been clear in our belief that we do not want a union between us as partners, and that conviction has not changed. However, we have also said that we respect the legal process. This means we will bargain in good faith with the union that represents partners in the one Buffalo store that voted in favour of union representation".

Innovation

- ▶ Mario Wriedt, professor of chemistry and biomolecular science at Clarkson University won a grant from Estée Lauder to develop new sunscreen materials. Mario said, "Sunscreen, you apply it in the morning, and then you reapply it at some point. This is because the UV filters in the sunscreen, they photodegrade. While they do their job absorbing UV light, they are degrading. We found a way to inhibit this photo degradation. Using our porous materials, we can trap and stabilise the UV filters so they do not degenerate over time".
- ▶ L'Oréal announced that it is working with BrezzoMeter, which collects data on air quality, to study the impact of air quality on skin.
- ▶ Earlier this year Novo Nordisk announced the 'Novo Nordisk Global Prevention Accelerator' and invited start-ups developing software to submit proposals outlining services that could help individuals and communities to predict and/or prevent obesity. This month the company said the accelerator would support an Oregon-based company Ksana Health. Ksana has developed software for health care providers and patients that tracks various health metrics and makes suggestions to patients about how to change their behaviour in order to reach a particular health goal.

Last Month RRI Change

Biggest Decrease	Biggest Increase
Colgate-Palmolive -12	Procter & Gamble +6

Procter & Gamble's RepRisk increased by 6 in December following a recall of its dry shampoo products in Australia and Japan as well as 17 antiperspirant brands due to excess concentrations of benzene being detected by an independent laboratory. Exposure to benzene can cause blood disorders and it is considered carcinogenic, which is why the FDA sets a limit of two parts per million. Johnson & Johnson has previously recalled Neutrogena sunscreens and CVS Health halted sales of several sun-care products due to similar findings.

*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. RepRisk Rating (RRR) takes the RRI and combines it with the ratings of the countries/sectors it is involved in to calculate the rating, which is ranked AAA to D.