



**REPRISK INDICATORS (RRI)**

| As at 30th April   | FSEF        | S&P 500     |
|--------------------|-------------|-------------|
| Environmental      | 3.8         | 5.0         |
| Social             | 9.5         | 12.3        |
| Governance         | 11.1        | 11.6        |
| <b>Total RRI</b>   | <b>24.4</b> | <b>28.9</b> |
| 1 month RRI Change | 1.5         | 0.6         |

|                   |    |    |
|-------------------|----|----|
| Peak 24 Month RRI | 38 | 41 |
|-------------------|----|----|

|                      |    |   |
|----------------------|----|---|
| RepRisk Rating (RRR) | BB | B |
|----------------------|----|---|

**INNOVATION**

| As at 30th April    | FSEF | S&P 500 |
|---------------------|------|---------|
| R&D as % of sales*  | 6.5% | 4.6%    |
| TTM Organic Growth" | 0.8% | n/a     |
| Capital Impact™     | 0.47 | 0.17    |

**ENVIRONMENTAL\***

| As at 30th April          | FSEF  | S&P 500 |
|---------------------------|-------|---------|
| Waste tns/£m FCF          | 33    | 3,567   |
| Hazard's Waste tns/£m FCF | 3.0   | 24      |
| Water m³/£m FCF           | 3,395 | 386,100 |
| GHG/CO2 tns/£m FCF        | 210   | 2,400   |
| Energy MWh/£m FCF         | 803   | 8,717   |

**SOCIAL\***

| As at 30th April | FSEF | S&P 500 |
|------------------|------|---------|
| Women Executives | 38%  | 19%     |
| Women Directors  | 33%  | 27%     |

**GOVERNANCE\***

| As at 30th April          | FSEF | S&P 500 |
|---------------------------|------|---------|
| UN Global Compact Sign's. | 48%  | 14%     |
| Independent Directors     | 80%  | 86%     |

**LEAST REPRISK**

| As at 30th April | RRI |
|------------------|-----|
| Kone             | 0   |
| IDEXX            | 0   |
| Waters           | 0   |
| Stryker          | 10  |

**MOST REPRISK**

| As at 30th April  | RRI |
|-------------------|-----|
| Johnson & Johnson | 60  |
| Unilever          | 54  |
| PepsiCo           | 43  |
| Starbucks         | 40  |

**PROXY VOTING**

| 12 Months ending 30th April       | %   |
|-----------------------------------|-----|
| Proxies voted                     | 100 |
| Voted against an item             | 74  |
| Voted against remuneration policy | 65  |

**APRIL 2021 COMMENTARY**

**Environmental**

- PepsiCo announced a new 'Positive Agriculture' ambition. The ambition is part of its goal to spread regenerative farming practices across 7m acres, approximately equal to its entire agricultural footprint. This would eliminate 3m tonnes of greenhouse gas (GHG) emissions by 2030. The new program also aims to support the livelihoods of 250,000 people in the supply chain and contribute to the company's goal of sustainably sourcing 100% of its key ingredients by 2030.
- Visa pledged to reach net zero GHG emissions by 2040. The company's Chief Sustainability Officer (CSO) added that reaching net zero primarily concerns the actual reduction of carbon emissions, not simply purchasing offsets.
- As part of its ongoing efforts to cut waste by 50% by 2030, Starbucks announced a project aimed at reducing its use of disposable cups. Five Starbucks stores in Seattle will run a two month "borrow-and-return trial", where customers can take their beverage out of the store in a reusable cup and then return it either at a contactless kiosk, or using a service called Ridwell. A similar scheme will be rolled out across all Starbucks stores in South Korea.

**Social**

- J&J succeeded in its appeal of a \$117m talc verdict. The appeals court found that the judge on the case erred in allowing certain experts to testify.
- PepsiCo, Amazon, Facebook, Marriott, Apple, Home Depot and Starbucks have signed a campaign for a new Equality Act aimed at protecting the rights of the LGBTQ community. The bill has already passed through the House but had issues in the Senate regarding the influence of the US Conference of Catholic Bishops who claimed the act could force them to host functions that violate their beliefs.
- Becton Dickinson will donate \$1m towards UNICEF's efforts to eliminate maternal and neonatal tetanus (MNT). Between 2000 and 2018, new-born deaths from MNT have declined by 88%.
- Unilever said it has reached 1bn people with its program to provide soap, hand sanitizer and surface disinfectants to developing countries. Unilever has also trained 140,000 staff as part of the project and installed 500,000 handwashing stations.

**Innovation**

- Unilever has launched a new deodorant called Rexona Inclusive or Degree Inclusive – depending on where you are in the world – touted as the world's first inclusive deodorant. The design features, including a Braille label and one-handed grip, are aimed to help people with visual impairment or upper-limb motor disabilities to independently use deodorant.
- Visa announced the launch of an ambitious project in collaboration with German tech company Ecolytiq that aims to create a product that can tell customers the amount of emissions caused by any purchases made with a Visa card.

**LAST MONTH RRI CHANGE**

| Biggest Decrease | Change | Biggest Increase | Change |
|------------------|--------|------------------|--------|
| Starbucks        | -7     | Church & Dwight  | +30    |

- Church & Dwight's RepRisk Indicator has increased by 30 this month. This was due to the company voluntarily recalling gummy vitamins that were sold at Publix stores in the US because there was a chance they could contain bits of a metallic mesh. The company isn't aware of any reports of customers getting ill from eating the product, which, given the products were made in November last year, now seems a slim possibility. The reason for the score's sharp increase is that the company's RepRisk Indicator is usually very close to 0, therefore any negative news causes a large increase. This is why we try to understand the reasons for any increase/decrease in a company's score, rather than just taking the score at face value.

\*Source: Bloomberg and company reports. Mean average numbers. The Environmental numbers presented above are a guide only as reporting is nascent with only c.50% 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. "Organic Growth is the trailing twelve month, reported, weighted average sales growth excluding M&A and FX, pre Sept 2020 unweighted, last reported. 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](http://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.