

Reprisk Indicators (RRI)

As at 31 st May	FSEF	MSCI World
Environmental	2.7	5.6
Social	10.0	11.9
Governance	11.7	11.1
Total RRI	24.5	28.6
1 month RRI Change	-1.8	0.3
Peak 24 Month RRI	37	39

Innovation

As at 31 st May	FSEF	MSCI World
R&D as % of sales*	7.3%	5.3%
TTM Organic Growth"	14.7%	n/a
Capital Impact™	0.42	0.13

Environmental*

As at 31 st May	FSEF	MSCI World
Waste tns/£m FCF	20	772
Hazard's Waste tns/£m FCF	0.4	17
Water m ³ /£m FCF	1,267	31,794
GHG/CO2 tns/£m FCF	55	337
Energy MWh/£m FCF	305	1,335
Paris Aligned (2°)	66%	n/a
Net Zero commitment	72%	n/a

Social*

As at 31 st May	FSEF	MSCI World
Employees who are women	43%	38%
Management who are women	33%	28%
Executives who are women	25%	16%
Directors who are women	34%	28%

Governance*

As at 31 st May	FSEF	MSCI World
UN Global Compact Sign's.	36%	31%
Independent directors	80%	71%
Executives holding shares	67%	49%
Reporting to CDP	92%	67%
Reporting scope 1&2 GHG emissions	100%	83%
Reporting water withdrawal	76%	58%
Reporting waste generated	71%	56%

Least Reprisk

As at 31 st May	RRI
IDEXX	0
Waters	0
Adobe	2
ADP	6

Most Reprisk

As at 31 st May	RRI
Johnson & Johnson	66
Alphabet	59
Microsoft	55
PepsiCo	43

Proxy Voting

12 Months ending 31 st March	%
Proxies voted	100
Voted against management	8
Voted against remuneration policy	62

May 2022 commentary

Environmental

- ▶ Unilever was among a group of companies that sent letters to members of the European Parliament asking the EU to ban the sale of new petrol and diesel vehicles from 2035.
- ▶ PepsiCo ranked 1st among, food, beverage and tobacco companies and 2nd overall on the 2022 list of the "100 Best Corporate Citizens" which assesses a company's ESG-related transparency and performance.
- ▶ PepsiCo, Coca-Cola and eight other brands (Red Bull, Walkers, Lucozade, Stella Artois, Tesco, Budweiser, Strongbow, McDonald's and Cadburys) made up 51% of all branded litter found during an environmental clean-up across the UK. Packaging from Coca-Cola, PepsiCo and Heineken made up 23%.

Social

- ▶ The Home Depot Canada Foundation announced an increase in its investment to prevent youth homelessness to \$125m by 2030. Home Depot is also investing an incremental \$1m in grants for campus improvements at 30 Historically Black Colleges and Universities in the US.
- ▶ Visa has donated \$12m to Tipping Point Community, a charity that helps fight youth homelessness in San Francisco where Visa's HQ is situated.
- ▶ L'Oréal's venture capital fund, BOLD (Business Opportunities for L'Oréal Development), will launch a €25m fund which will invest in start-ups owned by female entrepreneurs.
- ▶ Of relevance to owner Microsoft, LinkedIn has said it will pay \$1.8m in back wages to nearly 700 female workers who alleged that they were subject to systematic pay discriminatory practices from 2015 to 2017. The federal authorities reportedly identified significant pay disparities in various comparable roles for male and female employees at the company's offices in San Francisco and Sunnyvale.
- ▶ Despite Microsoft's promises to end a corporate culture of tolerance for misbehaving male executives in 2014 and claims that it supports inclusion and diversity, no action has been taken against an executive accused of inappropriate behaviour towards female colleagues. The alleged offenses include unwarranted touching and watching virtual reality pornography in front of other colleagues. In 2015, Microsoft was sued for "policy, pattern and practice of sex discrimination against female employees", with Microsoft employees allegedly having to deal with verbal abuse and sexual harassment. On one occasion, an internal investigation dismissed claims that four women were groped by a male colleague at a work event.
- ▶ The US state of Idaho has reached a \$119m settlement with Johnson & Johnson and three other drug distributors over their alleged role in the US opioid epidemic.

Innovation

- ▶ Unilever's in-house blog has a piece on how it is using 'smart tech' to improve workplace safety, including:
 - ▶ Comnovo, a system used in company warehouses to prevent forklift truck collisions;
 - ▶ DingDing, an app used by employees in China to report safety issues on their mobile phones; and,
 - ▶ Joctan AI, a system used in Mexico to detect unsafe behaviour, for example employees eating or talking on their phone while operating a forklift truck.

Last Month RRI Change

Biggest Decrease Procter & Gamble -13	Biggest Increase Intuit +4
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Intuit's RepRisk increased by 4 in May after it reached a \$141m settlement in the US for allegedly deceiving 4.4m customers into buying its online TurboTax product. Intuit offers two free versions of TurboTax: an IRS Free File version offered to lower-income citizens and military personnel, and a commercial product named TurboTax Free Edition for people with 'simple' returns. US states alleged that since 2016, Intuit has been steering customers eligible for IRS Free File into using TurboTax Free Edition, only to later tell them they needed to pay \$59.99 or more to file as their returns were not 'simple'. Intuit called the case 'entirely unnecessary' and that two-thirds of tax fillers, including gig workers and those with farm income, could not use the free TurboTax product despite ads referring to it as free as they do not have simple returns.

*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.