

**REPRISK INDICATORS (RRI)**

As at 31st August	FSEF	MSCI World
Environmental	4.4	4.8
Social	12.0	12.4
Governance	10.8	11.3
<b>Total RRI</b>	<b>27.2</b>	<b>28.4</b>
1 month RRI Change	-1.5	-0.6

Peak 24 Month RRI	38	41
RepRisk Rating (RRR)	BB	BB

**INNOVATION**

As at 31st August	FSEF	MSCI World
R&D as % of sales*	6.7%	5.8%
TTM Organic Growth"	26.5%	n/a
Capital Impact™	0.34	0.15

**ENVIRONMENTAL\***

As at 31st August	FSEF	MSCI World
Waste tns/£m FCF	28	1,406
Hazard's Waste tns/£m FCF	0.5	27
Water m³/£m FCF	1,803	56,751
GHG/CO2 tns/£m FCF	109	584
Energy MWh/£m FCF	338	2,425

**SOCIAL\***

As at 31st August	FSEF	MSCI World
Women Executives	25%	16%
Women Directors	33%	27%

**GOVERNANCE\***

As at 31st August	FSEF	MSCI World
UN Global Compact Sign's.	40%	31%
Independent Directors	81%	70%

**LEAST REPRISK**

As at 31st August	RRI
IDEXX	0
Waters	0
Zoetis	7
Amadeus	9

**MOST REPRISK**

As at 31st August	RRI
Johnson & Johnson	64
Unilever	56
PepsiCo	50
Microsoft	50

**PROXY VOTING**

12 Months ending 31st August	%
Proxies voted	100
Voted against an item	74
Voted against remuneration policy	65

**AUGUST 2021 COMMENTARY**

**Environmental**

- PepsiCo has set the target of becoming net water positive by 2030, meaning it will replenish more water than it consumes. The company said that by boosting water-use efficiency at 1,000 company-owned and third-party facilities, it can save 1.1 billion litres of water a year. PepsiCo are also planning to adopt the Water Stewardship Standard by 2025.
- Staying with PepsiCo, their brand Frito-Lay is seeking to replace all of its diesel fleet with zero, or near zero, emission trucks. An electric truck designed by Cummins is proving effective in helping Frito-Lay progress towards this goal.
- McCormick has launched the Grown for Good sustainability standard for suppliers in the herbs and spices industry. The standard is verified by third parties and includes metrics for women's empowerment, community stability, conservation, biodiversity, and regenerative farming practices. It is already in use in Vietnam, Brazil, Indonesia and India.
- Microsoft is the leading corporation for clean energy purchases this year, according to BloombergNEF. The company purchased 6.2 gigawatts of renewables through July, which is more than the current generation capacity of both Kenya and Zimbabwe combined. The company is aiming to hit a 24/7 clean energy target.
- Unilever unveiled their laundry brand Comfort's new 'Ultimate Care' range. The new range will use pro-fibre technology to extend the life of clothing. The technology, taken from the hair-care sector, is created from wheat protein and reduces the friction that occurs during washing, resulting in less colour and shape loss over time. Pro-fibre technology can also protect clothes from bobbling and pilling, print cracking and textural damage. Marina Risi, Comfort's Global Brand Vice President, said that "by helping our consumers keep their clothes looking newer for longer, we are reducing the need to buy more. In other words, we are helping to lower our consumers' environmental footprint by extending the lives of their clothes."

**Social**

- PepsiCo's Frito-Lay and Feed the Children are reprising their 'Building the Future Together' campaign, providing food to 1,200 schools in eight cities. At the height of the pandemic, 25% of US children were 'food insecure'.
- Starbucks opened its first Farmer Support Centre in Brazil, the 10<sup>th</sup> such centre worldwide. The centre is located in the city of Varginha and "aims to provide valuable resources to local coffee communities as part of the company's commitment to source coffee responsibly".
- L'Oréal is researching links between skin problems and the menstrual cycle. The company is working with Clue, a company that has a period tracking app used by 12 million women in 190 countries. A L'Oréal employee said, "we've known that hormonal cycles can affect your skin," but "there isn't much out there when it comes to what those kind of changes are". L'Oréal will seek volunteers from Clue's user base to participate in surveys about their skin across several menstrual cycles.
- Microsoft is working with SAP India to help train 62 thousand women in areas like AI, cloud computing, web design, and digital marketing. The companies will work with educational organizations and state colleges to implement the training programmes.

**Innovation**

- Microsoft and the University of Washington have developed Nanopore-addressable protein Tags Engineered as Reporters or "NanoporeTERs". Genetically encoded reporter proteins allow scientists to track gene expression, understand intracellular processes and debug engineered genetic circuits. This new technology is an advancement on prior reporting schemes and, as explained by the study's co-lead author Nicolas Cardozo, essentially makes it possible for cells to "talk" to computers about what's happening in their surroundings at a new level of detail, scale, and efficiency.

**LAST MONTH RRI CHANGE**

Biggest Decrease	Change	Biggest Increase	Change
Starbucks	-9	Procter & Gamble	+5

- Procter & Gamble's RepRisk Indicator (RRI) increased by 5 in August following accusations of alleged failures by the company to resolve environmental and human rights issues in their supply chain. The accusations claim that Procter & Gamble's pulp and palm oil suppliers in Canada, Indonesia, and Malaysia are causing significant destruction to primary forests and threatening endangered species. Other suppliers have been accused of violating worker's labour rights by using free or forced labour.

\*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 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. 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.