

REPRISK INDICATORS (RRI)

As at 30th June	FSEF	MSCI World
Environmental	4.2	4.8
Social	11.0	12.8
Governance	10.5	11.4
Total RRI	25.7	29.0
1 month RRI Change	1.1	1.0

Peak 24 Month RRI	38	39
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RepRisk Rating (RRR)	BB	BB
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INNOVATION

As at 30th June	FSEF	MSCI World
R&D as % of sales*	6.8%	5.8%
TTM Organic Growth"	2.5%	n/a
Capital Impact™	0.30	0.14

ENVIRONMENTAL*

As at 30th June	FSEF	MSCI World
Waste tns/£m FCF	29	1,556
Hazard's Waste tns/£m FCF	0.6	29
Water m³/£m FCF	7,498	53,819
GHG/CO2 tns/£m FCF	149	603
Energy MWh/£m FCF	459	2,428

SOCIAL*

As at 30th June	FSEF	MSCI World
Women Executives	28%	16%
Women Directors	34%	27%

GOVERNANCE*

As at 30th June	FSEF	MSCI World
UN Global Compact Sign's.	40%	27%
Independent Directors	80%	70%

LEAST REPRISK

As at 30th June	RRI
IDEXX	0
Waters	0
Stryker	7
Zoetis	10

MOST REPRISK

As at 30th June	RRI
Johnson & Johnson	61
Microsoft	57
PepsiCo	50
Unilever	47

PROXY VOTING

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

JUNE 2021 COMMENTARY

Environmental

- Starbucks is going to offer reusable cups in all its stores in the EMEA region by 2025. Starbucks will trial the cups in the UK, France, and Germany in coming months before expanding the program to all 3,840 stores it has in the region.
- Microsoft has collaborated with The Williams Companies to work together on developing the hydrogen economy, renewable energy, carbon capture, and energy storage.
- FoodManufacturing.com notes that the new factory McCormick is building in Peterborough, which is due to open later this year, is following the UK Green Building Council's Net Zero Carbon Buildings Framework. This means that under the terms of the framework both the construction and operations will have a net zero carbon contribution. McCormick said that all the site's construction-related carbon emissions are being offset by McCormick's support of the East Thrace Wind Power program in Turkey.
- Unilever's £1bn Climate and Nature Fund has found its first major project. The fund will invest €8.5m in the Dove Forest Restoration Project in Northern Sumatra, Indonesia. Unilever says the money will be used to protect and restore 20,000 hectares of rainforest over the next five years.
- Staying with Unilever, the company has developed a prototype paper-based laundry detergent bottle for the OMO brand, which will launch in Brazil next year. The hope is that the bottle can also be used for other homecare and personal care products as it can be recycled along with normal paper.
- L'Oreal, along with Nestle and Pepsi, have unveiled food grade PET plastic bottles. The bottles are produced entirely from enzymatically recycled plastic in tandem with a green biotech company called Carbios. Carbios has a technology that "supercharges" an enzyme naturally occurring in compost heaps and uses it to break down the plastic.

Social

- Following the news last month that Johnson & Johnson (J&J) had asked the US Supreme Court to review a talc case's class action status, the company were told that the Supreme Court wouldn't reconsider the case without providing a reason. J&J will therefore pay the settlement payment of \$2.5bn this month.
- PayPal is going to deposit \$135m of its cash into financial institutions and funds that support underserved communities of colour, including Hope Credit Union, OneUnited Bank, Self-Help Federal Credit Union, and CNote's Wisdom Fund. PayPal said "with these deposits, PayPal has now committed more than \$500m of capital through its racial equity initiatives, including a deposit in Optus Bank; an investment in LISC's Black Economic Development Fund; investments in 19 Black and Latinx-led venture capital funds and grants to Black-owned small businesses and community non-profits."
- According to a document obtained by Bloomberg, Estee Lauder has given racial bias training to 94% of its US employees and will start similar training programs outside the US next year. 9.2% of the company's new hires were black in the year to June 2021, up 3% from last year.
- PepsiCo, in conjunction with SEEDS India, will provide COVID-19 testing kits to the state of West Bengal.
- Novo Nordisk has presented data from its 40-week Sustain Forte trial, which compared a once-weekly 2mg dose of Ozempic (anti-diabetic medication for type II diabetics) to a 1mg dose. The trial showed that the mean HbA1C level (average blood glucose) at the start of the study was 8.9% with a mean body weight of 99kg. After 40 weeks, the 2mg dose caused HbA1C levels to fall by 2.2% and a 6.9kg reduction in weight. By contrast, the 1mg dose caused a 1.9% fall in HbA1C levels and a 6kg fall in weight.

LAST MONTH RRI CHANGE

Biggest Decrease	Change	Biggest Increase	Change
Marriott International	-8	Visa	+8

- Visa's RepRisk Indicator (RRI) increased in June due to its acquisition of Swedish fintech company Tink potentially facing antitrust scrutiny in Europe. This follows a US government lawsuit in January that blocked Visa's planned purchase of data-sharing platform Plaid for \$5.3bn on antitrust grounds. Tink was founded in 2012 and enables banks and other financial firms to share and access consumer financial data more easily. It is used by more than 3,400 banks and has over 250m customers in Europe.

*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.