

**REPRISK INDICATORS (RRI)**

As at 31st May	FSEF	MSCI World
Environmental	3.8	4.6
Social	9.8	12.3
Governance	11.1	11.1
<b>Total RRI</b>	<b>24.6</b>	<b>28.0</b>
1 month RRI Change	0.2	n/a

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

**INNOVATION**

As at 31st May	FSEF	MSCI World
R&D as % of sales*	6.8%	5.8%
TTM Organic Growth"	2.2%	n/a
Capital Impact™	0.30	0.16

**ENVIRONMENTAL\***

As at 31st May	FSEF	MSCI World
Waste tns/£m FCF	28	1,424
Hazard's Waste tns/£m FCF	0.7	26
Water m³/£m FCF	8,108	51,710
GHG/CO2 tns/£m FCF	157	594
Energy MWh/£m FCF	504	2,423

**SOCIAL\***

As at 31st May	FSEF	MSCI World
Women Executives	28%	16%
Women Directors	34%	26%

**GOVERNANCE\***

As at 31st May	FSEF	MSCI World
UN Global Compact Sign's.	40%	26%
Independent Directors	80%	69%

**LEAST REPRISK**

As at 31st May	RRI
Kone	0
IDEXX	0
Waters	0
Stryker	8

**MOST REPRISK**

As at 31st May	RRI
Johnson & Johnson	60
Microsoft	54
Unilever	49
Starbucks	39

**PROXY VOTING**

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

**MAY 2021 COMMENTARY**

**Methodology**

Regular readers of this factsheet, will have noticed that as part of our efforts to continually improve our sustainability investment process, we have made some changes to this month's factsheet. We have.

1. Updated our comparison set of companies from the S&P 500 to the MSCI World.
2. To keep the comparison consistent, we have also changed the relative index for our RepRisk statistics to the MSCI World.
3. Changed our environmental stats to be weighted rather than simple averages.
4. Finally, we have updated our estimation engine that calculates estimates of environmental statistics for companies that don't report them.

**Environmental**

- Surfactants, the compounds that are used in e.g. laundry detergents to soak up the dirt using their hydrophilic head (which attracts water) and hydrophobic tail (which repels water) are usually made from fossil fuels, but Unilever in conjunction with LanzaTech and India Glycols has discovered a way to produce them from recycled carbon.
- Novo Nordisk is experimenting with the recycling of single-use insulin pens. In a pilot project in Denmark, some pharmacies are collecting pens and working on processes to remove their recyclable components.
- Unilever's toothpaste brands – Signal, Pepsodent and Closeup – are going to start using recyclable tubes. The tubes, which have taken Unilever 4 years to develop, will be available this year in France and India. Traditionally toothpaste tubes are made from a combination of plastic and aluminum, which gives the packaging its flexibility but also makes it difficult to recycle.

**Social**

- Starting in the autumn of 2021, Intuit and Everfi, an educational software provider will offer high schools in the US a version of TurboTax which students can use to "explore tax basics, learn how taxes are calculated, and experience the tax preparation and filing process. The TurboTax simulation will guide students in a fun and engaging way, so they can enter the workforce feeling confident and empowered."
- McCormick was recognized in DiversityInc's top 50 companies for diversity and inclusion for the 5th year in a row.
- PepsiCo signed a memorandum of understanding with Saudi Arabia's Family Affairs Council aimed at empowering women in the kingdom.
- Johnson & Johnson (JnJ) has asked the US supreme court to review the talc lawsuit filed in Missouri by 22 women which resulted in a \$2bn verdict against JnJ. JnJ says the plaintiffs should not have been allowed to form a class as they had varying histories of using JnJ talc products. The American Tort Reform Association (nonprofit dedicated to reforming the civil justice system) is supporting JnJ's appeal to the supreme court. The president of the association pointed to how long it took the trial judge to read the jury its instructions as an indication of how unfair the trial was to Johnson & Johnson: "when a defendant is facing a case where it takes over five hours for the judge to read the jury instructions to the jury, you just have to ask yourself what are we doing here." This month, the Supreme Court declared that it won't review the case without giving a reason.

**Innovation**

- Following a call for ideas about how to use the connectivity features in Kone DX elevators, the company received 460 entries. The winning idea was a method that will allow smart wheelchairs to control Kone DX elevators. A French entrant came up with the idea after seeing the difficulties faced by care home residents when moving around the facility.

**LAST MONTH RRI CHANGE**

Biggest Decrease	Change	Biggest Increase	Change
Becton Dickinson	-10	Microsoft	+25

- Microsoft's RepRisk Indicator (RRI) increased by 25 in May, mainly as a result of the re-opening of a sexual harassment lawsuit from 2015 following a report that co-founder, Bill Gates, had an alleged affair with an employee in the US. In the original lawsuit, over 238 internal complaints about sexual harassment and gender discrimination in pay and promotions between 2010 and 2016 were filed by female employees. The female employees reportedly experienced degradation and sexual harassment from male co-workers, while in April 2019, the company was criticized again for similar offenses.

\*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.