

REPRISK INDICATORS (RRI)

As at 31st March	FSEF	S&P 500
Environmental	3.6	4.9
Social	9.0	12.3
Governance	10.4	11.1
Total RRI	22.9	28.3
1 month RRI Change	-0.9	-0.1

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

As at 31st March	FSEF	S&P 500
R&D as % of sales*	6.5%	4.9%
TTM Organic Growth"	0.5%	n/a
Capital Impact™	0.30	0.16

ENVIRONMENTAL*

As at 31st March	FSEF	S&P 500
Waste tns/£m FCF	31	3,416
Hazard's Waste tns/£m FCF	3.7	50
Water m ³ /£m FCF	12,316	395,309
GHG/CO2 tns/£m FCF	210	2,460
Energy MWh/£m FCF	803	13,538

SOCIAL*

As at 31st March	FSEF	S&P 500
Women Executives	38%	18%
Women Directors	33%	27%

GOVERNANCE*

As at 31st March	FSEF	S&P 500
UN Global Compact Sign's.	41%	14%
Independent Directors	80%	85%

LEAST REPRISK

As at 31st March	RRI
Kone	0
IDEXX	0
Waters	0
Church & Dwight	0

MOST REPRISK

As at 31st March	RRI
Johnson & Johnson	57
Unilever	52
PepsiCo	46
Starbucks	44

PROXY VOTING

12 Months ending 31st March	%
Proxies voted	100
Voted against an item	64
Voted against remuneration policy	59

MARCH 2021 COMMENTARY

Environmental

- PepsiCo revealed it is using Microsoft AI technology to reduce waste during their production process for Cheetos. Cheetos are made using an extruder, but the results vary on a range of factors such as water temperature, ingredient levels and the operation of the extruder itself. Human operators are required to monitor a range of metrics and to set these factors (cornmeal consistency, steam pressure etc.). PepsiCo is using Microsoft to automate parts of this process to give a more consistent quality and reduce waste.
- PepsiCo disclosed this month that since 2006 it has raised \$700m in funding to help 55m people gain access to clean water.
- PepsiCo's Frito-Lay has announced that it reduced GHG emissions at its Modesto plant by 53%, lowered its fleet's diesel usage by 78% and that it is now running its direct operations on 100% renewable energy. When diesel usage is 100% removed, it will be the equivalent of removing 13 million miles of passenger car travel.
- Unilever, Mondelēz and Nestlé have reached out to the European Parliament calling for action on the phasing out of caged hens. Unilever is already cage free in Europe and has committed to eliminating all caged eggs from its supply chain by 2025.
- L'Oréal reminded us that last year it announced a goal for using 95% of "bio-based, derived from abundant minerals or circular" ingredients by 2030. Currently 59% of L'Oréal ingredients are plant based, 80% are biodegradable, 32% natural or naturally derived and 29% created using "green chemistry processes."

Social

- Visa has partnered up with Black Girl Ventures to "digitally enable black and women-owned small businesses" in the US. The partnership will entail both a cash donation as well as advice/mentoring. While 19% of all US businesses are ran by women, this increases to 36% of those ran by black or African Americans.
- Estée Lauder has appointed Nicole Monson to run the new Equity & Engagement Centre of Excellence, which has been set up to ensure that the company keeps its own diversity & inclusion promises.
- PepsiCo has launched a \$40m community college program to support 4,000 black and Hispanic students with tuition and living expenses.

Innovation

- Unilever has launched its first vegan-friendly red lipstick – Confession Refillable Lipstick Red O, made with vegan carmine. Carmine is an ingredient used in red colouring in food and cosmetics, but to make 1lb of it requires killing 70,000 cochineal beetles.
- L'Oréal has partnered with "environmental innovation company" Gjosa on a design for a new hair washing station for salons, called the L'Oréal Water Saver. The hair washing station uses 80% less water than the traditional hand-washing experience and includes a phone app to track water use.
- Estée Lauder signed a MOU with packaging company Eastman, to incorporate Eastman's "molecular recycling technologies and portfolio of Renew resins with up to 100% certified recycled content" into their packaging. Estée Lauder's Head of Procurement said that the deal would help drive the twin aims of "the company's sustainable packaging goals while maintaining the high-quality aesthetic."

LAST MONTH RRI CHANGE

Biggest Decrease	Change	Biggest Increase	Change
Microsoft	-13	Unilever	+13

- Unilever's RepRisk Indicator increased by 13 in March because of a lawsuit filed against PGI Group and its subsidiary Lujeri Tea Estates (Lujeri) in the UK. Lujeri reportedly supplies tea to the Tetley Group, Typhoo and Unilever brands Lipton and PG Tips. The lawsuit alleges at least 10 instances of rape and other incidents of harassment by male supervisors on female workers at Lujeri plantations in Malawi. Earlier this year, Camellia agreed to pay a £6.9m settlement to resolve similar allegations of sexual harassment against workers at its farms in Kenya and Malawi.

*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. 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.