

**Reprisk Indicators (RRI)**

As at 30 <sup>th</sup> June	FSEF	MSCI World
Environmental	2.6	5.6
Social	10.6	12.1
Governance	12.6	11.3
Total RRI	25.8	29.0
1 month RRI Change	1.5	0.4
Peak 24 Month RRI	37	39

**Innovation**

As at 30 <sup>th</sup> June	FSEF	MSCI World
R&D as % of sales*	7.3%	5.2%
TTM Organic Growth"	14.7%	n/a
Capital Impact™	0.42	0.13

**Environmental\***

As at 30 <sup>th</sup> June	FSEF	MSCI World
Waste tns/£m FCF	20	771
Hazard's Waste tns/£m FCF	0.5	17
Water m <sup>3</sup> /£m FCF	1,260	31,661
GHG/CO2 tns/£m FCF	56	337
Energy MWh/£m FCF	304	1,327
Paris Aligned (2°)	65%	n/a
Net Zero commitment	74%	n/a

**Social\***

As at 30 <sup>th</sup> June	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 30 <sup>th</sup> June	FSEF	MSCI World
UN Global Compact Sign's.	36%	33%
Independent directors	80%	71%
Executives holding shares	67%	49%
Reporting to CDP	92%	67%
Reporting scope 1&2 GHG emissions	100%	84%
Reporting water withdrawal	76%	58%
Reporting waste generated	71%	56%

**Least Reprisk**

As at 30 <sup>th</sup> June	RRI
IDEXX	0
Waters	0
Adobe	1
ADP	5

**Most Reprisk**

As at 30 <sup>th</sup> June	RRI
Alphabet	66
Johnson & Johnson	63
Microsoft	57
Unilever	46

**Proxy Voting**

12 Months ending 30 <sup>th</sup> June	%
Proxies voted	100
Voted against management	9
Voted against remuneration policy	52

**June 2022 commentary**

**Environmental**

- ▶ During June Procter & Gamble announced the launch of a new water-focused sustainability strategy. The strategy includes new targets to restore more water than it consumes during the manufacturing and use of its products in areas of high water stress. According to Procter & Gamble, by 2025 about two-thirds of the global population will live in water-stressed areas. Additionally, the company determined that roughly 9%-17% of the water consumed during the use of Procter & Gamble products is wasted through evaporation or common household leaks.
- ▶ Microsoft and Alphabet announced a series of carbon removal commitments at the World Economic Forum in Davos, with Microsoft and Alphabet collectively pledging to invest \$400m in carbon removal programs.

**Social**

- ▶ Microsoft has recently announced four changes to its employee policies in the US:
  1. The company said it is removing non-compete clauses from most US employee agreements though not from its agreements with senior managers.
  2. US settlement and separation agreements no longer include confidentiality language that prohibits workers from disclosing alleged conduct that they perceive to be illegal discrimination, harassment, retaliation, sexual assault, or wage and hour violations occurring in the workplace.
  3. The company will start publishing salary ranges in all of its internal and external job postings across the US, beginning no later than January 2023.
  4. Microsoft will hire a third party to conduct a civil rights audit of the company's US policies and practices.
- ▶ Procter & Gamble's Pampers has launched a new campaign in India called ItTakes2, which aims to inspire fathers to take equal share in parenting. The campaign is said to 'debunk the conventional belief that caring for a baby is only the responsibility of the mother', while also suggesting that 92% of dads surveyed regret not spending more time with their babies.

**Innovation**

- ▶ Google Cloud and power company Engie announced the launch of a new partnership aimed at optimising the value of Engie's wind portfolio and accelerating wind energy development through a new artificial intelligence-based (AI) solution. The new solution aims to address some of the key challenges for wind power developers and operators, driven by the complexity of the short-term power markets and the unpredictable nature of wind production. Using advanced machine learning algorithms applied to vast amounts of data from disparate sources, the solution will predict how much wind power should be sold on which power market and at what price.
- ▶ Unilever and Genomatics launched a joint venture focused on developing plant-based alternatives to palm oil and fossil fuel-based cleansing ingredients. The two companies invested a total of \$120m, though the press release does not say how much each company invested nor the stake either company has in the joint venture. Genomatics is based in San Diego, California and has developed processes "to convert plant-based raw materials into chemical building blocks that are key components of widely used materials."

**Last Month RRI Change**

**Biggest Decrease**

Johnson & Johnson -3

**Biggest Increase**

Procter & Gamble +15

Procter & Gamble's RepRisk increased by 15 in June due to criticism in news articles in both India and China:

- ▶ In India, Procter & Gamble was mentioned tangentially in an article referring to a recent L'Oréal fine. L'Oréal was ordered to settle a 1.86bn INR (£19.5m) claim from India's Consumer Welfare Fund for not passing on tax reduction benefits to consumers. Procter & Gamble was mentioned as having similar claims against it.
- ▶ In China the authorities fined the company's Guangzhou subsidiary 700k CNY (£87k) for causing "social repercussions" for advertising that women's foot odour is stronger than men's.

\*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](http://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.