

REPRISK INDICATORS (RRI)

As at 31st July	FSEF	MSCI World
Environmental	4.6	5.0
Social	12.6	12.6
Governance	11.5	11.3
Total RRI	28.7	29.0
1 month RRI Change	3.0	0.0

Peak 24 Month RRI	38	36
RepRisk Rating (RRR)	BB	BB

INNOVATION

As at 31st July	FSEF	MSCI World
R&D as % of sales*	6.9%	5.8%
TTM Organic Growth"	8.4%	n/a
Capital Impact™	0.34	0.15

ENVIRONMENTAL*

As at 31st July	FSEF	MSCI World
Waste tns/£m FCF	29	1,480
Hazard's Waste tns/£m FCF	0.6	28
Water m ³ /£m FCF	6,103	52,314
GHG/CO2 tns/£m FCF	111	598
Energy MWh/£m FCF	353	2,363

SOCIAL*

As at 31st July	FSEF	MSCI World
Women Executives	25%	16%
Women Directors	34%	27%

GOVERNANCE*

As at 31st July	FSEF	MSCI World
UN Global Compact Sign's.	40%	28%
Independent Directors	79%	70%

LEAST REPRISK

As at 31st July	RRI
IDEXX	0
Waters	0
Zoetis	8
Amadeus	10

MOST REPRISK

As at 31st July	RRI
Johnson & Johnson	63
PepsiCo	54
Microsoft	54
Unilever	54

PROXY VOTING

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

JULY 2021 COMMENTARY

Environmental

- Carbios, a chemical company in France, has developed a process to recycle PET plastics into food-grade PET plastic using a patented enzyme. The enzyme can breakdown any kind of PET plastic into its components, which can then be used to create new plastic. Carbios says its enzyme can breakdown 97% of PET plastics within 16 hours. Carbios notes a few companies have tested the process, including L'Oréal, Nestlé, and PepsiCo.

Social

- CR Bard, now owned by Becton Dickinson, will undergo a bellwether trial in a lawsuit accusing its hernia repair surgical mesh of causing pain and infection to a plaintiff in the US. Allegedly, the products were defective and dangerous, and contained a toxic anti-adhesive coating and polypropylene and polyglycolic acid fibers that can damage body tissue. The complaint, which also accused CR Bard of state consumer law violations, misrepresentation, and negligence, is one of the tens of thousands of lawsuits filed against the company. In 2011, the company agreed to pay \$184m to resolve around 2,600 lawsuits involving an earlier mesh product.
- PepsiCo announced that it would cut the sugar content in its European sweetened drinks by between 25% and 50% by 2030. It also said that it would "double down" on more nutritious snacks.
- PepsiCo has also announced this month that it has started awarding grants under its \$10m Black Restaurant Accelerator Program. The initiative will provide up to 500 black restaurant owners in the United States with capital, technical assistance and mentorship services over the next five years. The initial grants went to eight restaurant owners.
- Staff at PepsiCo's Frito-Lay Topeka Plant in the US state of Kansas have gone on strike to demand higher wages and to protest against long workweeks and other poor working conditions. Over the last decade, many of the over 800 workers at the plant have allegedly been forced to work for seven days a week and up to 12 hours per shift due to understaffing.
- Unilever has partnered with an organisation called MSDUK to diversify its supply chain with the goal of supporting more ethnic minority owned businesses.
- Searamount (previously Working Mother Media) named ADP as one of the "Best Companies for Multicultural Women" to work for in 2021. This follows an 8th place showing in the recent DiversityInc's Top 50 Companies for Diversity list and being recognised by the American Association of People with Disabilities as a "Best Place to Work for Disability Inclusion."
- Johnson & Johnson and three drug distributors announced a \$26bn settlement with 40 US states over the opioid epidemic this month. Of the \$26bn settlement, Johnson & Johnson will pay \$5bn, with the drug distributors paying the remaining \$21bn.
- Staying with Johnson & Johnson, the US National Council of Negro Women has sued the company, claiming that it directed some of its marketing efforts for talc products at African American women despite knowing the products could cause ovarian cancer. A lawyer for Johnson & Johnson said, "The accusations being made against our company are false, and the idea that we would purposefully and systematically target a community with bad intentions is unreasonable and absurd".
- PayPal is partnering with the Anti-Defamation League to study how "extremist and hate-movements" in the US take advantage of financial platforms to fund criminal activities.

LAST MONTH RRI CHANGE

Biggest Decrease	Change	Biggest Increase	Change
Home Depot	-13	McCormick	+22

- McCormick's RepRisk Indicator (RRI) increased by 22 in July following the announcement of a voluntary recall in the United States. McCormick announced a recall on four different seasoning products that were sold in Ohio and Pennsylvania after it discovered there was a risk of Salmonella contamination. No illnesses caused by the products have been reported to date. The products recalled were their Italian Seasoning in three different pack sizes and Frank's RedHot Buffalo Ranch Seasoning.

*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.