

RepRisk Index (RRI)

As at 31 st August	FSEF	MSCI World
Environmental	2.6	5.7
Social	11.5	12.8
Governance	14.1	11.1
Total RRI	28.1	29.5
1 month RRI Change	0.1	0.6
Peak 24 Month RRI	39	39

Innovation

As at 31 st August	FSEF	MSCI World
R&D as % of sales*	7.3%	5.1%
TTM Organic Growth"	10.9%	n/a
Capital Impact™	0.45	0.14

Environmental*

As at 31 st August	FSEF	MSCI World
Waste tns/£m FCF	20	693
Hazard's Waste tns/£m FCF	0.4	18
Water m³/£m FCF	1,340	29,750
GHG/CO2 tns/£m FCF	56	345
Energy MWh/£m FCF	314	1,346
Paris Aligned (2°)	65%	n/a
Net Zero commitment	74%	n/a

Social*

As at 31 st August	FSEF	MSCI World
Employees who are women	44%	38%
Management who are women	31%	28%
Executives who are women	24%	17%
Directors who are women	33%	28%

Governance*

As at 31 st August	FSEF	MSCI World
UN Global Compact Sign's.	32%	31%
Independent directors	80%	72%
Executives holding shares	66%	50%
Reporting to CDP	92%	67%
Reporting scope 1&2 GHG emissions	100%	84%
Reporting water withdrawal	76%	59%
Reporting waste generated	71%	56%

Least Reprisk

As at 31 st August	RRI
Waters	0
ADP	2
Zoetis	6
Coloplast	8

Most Reprisk

As at 31 st August	RRI
Alphabet	66
Johnson & Johnson	65
Microsoft	58
Procter & Gamble	46

Proxy Voting

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

August 2022 commentary

Environmental

- ▶ PepsiCo revealed plans to expand its partnership with an Israeli manufacturer of bio-based thermoplastic, UBQ Materials, to produce plastic display stands for Lay's crisps. For every tonne of bio plastic produced by UBQ, 12 tonnes of CO₂ are saved. PepsiCo has also ordered 30,000 shipping pallets from UBQ. The pallets incorporate recycled polypropylene resin as well as recycled biaxially oriented polypropylene (BOPP). BOPP is plastic film which is used to coat snack and crisp packets to make them food safe.
- ▶ Procter & Gamble (P&G) has announced plans to stop buying pulp from Canada following pressure from environmental activists. Greenhouse gas emissions from P&G's wood pulp purchases are estimated to be around 17.8m metric tonnes. Activists have also accused P&G of underestimating its environmental impacts after the company stated that it only sourced from sustainably operated forests.

Social

- ▶ Of relevance to Unilever, a judge in Manhattan denied Ben & Jerry's request for a preliminary injunction. The injunction would have stopped the company from selling Ben & Jerry's in Israel until it is established which IP rights Ben & Jerry's board have control over. The judge said Ben & Jerry's claim that customers would be confused if the new owner offered products conveying a message that conflicts with Ben & Jerry's was "too speculative" and added "Ben & Jerry's has offered no evidence of such confusion or the impact of the alleged confusion". The judge also said Ben & Jerry's was not able to show that customers would suffer irreparable harm.
- ▶ Alphabet has announced that Google will now note within its search results and on Google Maps whether a medical facility in the US provides abortions. This follows complaints from users who said that so-called 'crisis pregnancy centres', which do not provide abortions and instead try to encourage women to go through with their pregnancies, were being displayed after users searched for abortion centres. An investigation by Bloomberg found that Google Maps was steering people who searched for abortion clinics to crisis pregnancy centres roughly a quarter of the time.
- ▶ In response to numerous lawsuits over claims that Johnson & Johnson's talc-based baby powder caused ovarian cancer, the company has decided to stop selling the product globally. The company discontinued sales of the product in the US and Canada back in 2020. We discussed this issue in detail in the Fundsmith Sustainable Equity Fund's 2019 Annual Letter. Johnson & Johnson is reportedly facing 40,300 lawsuits in the US and has paid \$3.5bn to settle lawsuits so far.
- ▶ The Algerian government has accused Novo Nordisk of neglecting its delivery agreements amid a critical shortage of insulin in the country and rising numbers of diabetics. Algeria has over 2m diabetes patients, which is the 6th largest in the world. It is alleged that Novo Nordisk said it would deliver 3m doses, but has so far only delivered 100k-200k doses per month.
- ▶ Alphabet's Australian business has agreed to pay A\$60m to resolve a legal case that accuses it of misleading users on the collection and use of personal location data in Australia.

Last Month RRI Change

Biggest Decrease IDEXX -10	Biggest Increase Stryker +7
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Stryker's RepRisk Index increased by 7 points in August. The company was mentioned tangentially in an article regarding an internal investigation at Boston Scientific into allegations it breached the US Foreign Corrupt Practices Act (FCPA) in Vietnam. Stryker was mentioned as the company was fined \$7.8m in 2018 by the US SEC for failing to establish sufficient internal accounting controls to detect the risk of improper payments in India, China, and Kuwait.

*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.