

RepRisk Index (RRI)

As at 30 th December	FSEF	MSCI World
Environmental	3.1	5.5
Social	10.4	12.0
Governance	13.9	10.4
Total RRI	27.4	27.9
1 month RRI Change	-0.1	-0.9
Peak 24 Month RRI	40	39

Innovation

As at 30 th December	FSEF	MSCI World
R&D as % of sales*	6.6%	5.2%
TTM Organic Growth [†]	11.5%	n/a
Capital Impact [™]	0.47	0.13

Environmental*

As at 30 th December	FSEF	MSCI World
Waste tns/£m FCF	20	770
Hazard's Waste tns/£m FCF	0.5	17
Water m ³ /£m FCF	1,450	31,649
GHG/CO2 tns/£m FCF	56	356
Energy MWh/£m FCF	327	5,462
Paris Aligned (2°)	69%	n/a
Net Zero commitment	82%	n/a

Social*

As at 30 th December	FSEF	MSCI World
Employees who are women	44%	38%
Management who are women	32%	29%
Executives who are women	25%	17%
Directors who are women	34%	28%

Governance*

As at 30 th December	FSEF	MSCI World
UN Global Compact Sign's.	43%	41%
Independent directors	80%	71%
Executives holding shares	62%	48%
Reporting to CDP	92%	72%
Reporting scope 1&2 GHG emissions	100%	87%
Reporting water withdrawal	78%	58%
Reporting waste generated	78%	56%

Least Reprisk

As at 30 th December	RRI
Waters	0
ADP	0
Amadeus	8
Estee Lauder	9

Most Reprisk

As at 30 th December	RRI
Alphabet	62
Microsoft	61
Johnson & Johnson	53
Procter & Gamble	51

Proxy Voting

12 Months ending 30 th December	%
Proxies voted	100
Voted against management	9
Voted against remuneration policy	63

December 2022 commentary

Environmental

- ▶ Home Depot said that the 100MW of solar energy it recently purchased from National Grid Renewables' facility in Denton, Texas will generate the equivalent of 8% of the company's electricity use.
- ▶ L'Oréal is launching a new product labelling system in the US which will rate products from A to E depending on how environmentally friendly the products are. The friendliness of the products is measured across 14 factors including greenhouse gas emissions, water use and impact on biodiversity. L'Oréal already has a similar labelling system in use in France.
- ▶ PepsiCo has announced that it intends to double the percentage of drinks servings it sells using reusable packaging from 10% to 20% by 2030. The company already operates various initiatives to promote the use of reusable packaging, including its SodaStream carbonisation system, the setting up of refillable and returnable glass and plastic programs in markets including Mexico, Guatemala, Colombia and Germany, and the offering of certain products, including Gatorade and Muscle Milk, in concentrated powder or tablet form.

Social

- ▶ Around 300 quality assurance employees at Microsoft's ZeniMax Studios have said they will join the Communication Workers of America union. ZeniMax Studios is a holding company, which owns publisher Bethesda as well as developers id Software, Arkane Studios, MachineGames, Tango Gameworks and ZeniMax Online Studios.
- ▶ Microsoft has announced a partnership with Visa as part of its Airband initiative. The partnership aims to provide internet access to ten million people, including five million in Africa.
- ▶ The Australian Competition and Consumer Commission (ACCC) sued Alphabet in an Australian court in July 2020 claiming the company misled users about the collection of personal data. The ACCC said in December that the court has dismissed the ACCC's case against Alphabet after it found that Alphabet had not mislead users as they had sought the consent of account holders when implementing changes to its policies.
- ▶ Continuing with dismissed cases against Alphabet, a judge in California has dismissed a case against Alphabet in which the plaintiffs had claimed Alphabet was tracking their web activity even after they had opted out of sharing their data. However, the judge said another case against Alphabet can proceed as a class action. In the class action, the plaintiffs claim that Google misled users by using the term 'incognito mode' as some user data is still collected and stored. If plaintiffs win the class action they will not be allowed to seek monetary compensation, rather they will be able to ask the court to order the company to stop collecting data in incognito mode and to delete previously gathered data.
- ▶ The German antitrust regulator dropped its investigation of Google's News Showcase in Germany after the company agreed to make some changes to the service.

Innovation

- ▶ Stryker has launched a new suture anchor system for foot and ankle surgical procedures. The product is called Citrefix and uses a bio-absorbable material called Citregen. Citregen can be absorbed without as much inflammation as competing products as it is made with chemicals that appear to the immune system to be human bone. Stryker quotes an orthopaedic surgeon from New Jersey as saying "the Citregen material benefits patients' recovery since it is more easily accepted by the body, so they heal without suffering from the chronic inflammation that may occur with other bioresorbable suture anchors".

Last Month RRI Change

Biggest Decrease	Biggest Increase
PepsiCo -11	L'Oréal +12

L'Oréal's RepRisk Index increased by 12 in December following reports in a local newspaper that it sources carnauba wax from Brazil. Brazilian producers have been accused of human rights violations, including child labour and "slave-like conditions". Carnauba wax is sourced from the northeast of the country which is the only place where the palm tree that produces the wax (*Copernicia prunifera*) grows. It is often described as the "queen of waxes" and is used in everything from gummy bears to candles and car wax. Companies producing carnauba wax signed a conduct agreement with the Brazilian government in 2018 after slavery was found on some farms in late 2017, following which further controversies have been avoided.

*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 change 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.