

Sustainability Report 2025

2025 Sustainability Report

This report is published in accordance with the Financial Conduct Authority's (FCA) Sustainability Disclosure Requirements (SDR), namely the requirements detailed in 'ESG 5.4' and 'ESG 5.5' of the FCA's Environmental, Social, and Governance sourcebook.

Sustainability Approach

The Fund seeks to be a good steward of investor capital through responsible allocation, management and oversight, including through sustainability integration and screening.

Sustainability Integration

The Fund aims to be a long-term investor in high quality businesses. In assessing whether a business is high quality, one of those qualities looked for (amongst others) is being able to sustain a high return on capital employed. When assessing this quality, a business's sustainability characteristics (alongside other factors) are assessed, as the risks and opportunities resulting from these may materially influence a business's ability to sustain high returns over the long term and, consequently, its perceived investment potential.

Sustainability screening

The Fund will not invest in any company:

- involved in the production, sale or distribution of controversial weapons;
- that has its primary listing in, or who generates a substantial proportion of their profits from, a country identified by and specified in the UN Security Council's Sanctions, and high-risk jurisdictions subject to a "Call for Action" by the Financial Action Task Force;
- which derives material revenue from pornography; nor
- which derives material revenue from any of the following industries and sub-industries:
 - aerospace and defence;
 - brewers, distillers and vintners;
 - casinos and gaming;
 - gas and electric utilities;
 - metals and mining;
 - oil, gas and consumable fuels; and
 - tobacco.

Material for these purposes means 5% or more of reported revenue or such lower threshold as may be applied on a discretionary basis.

Prospective investee companies are also subject to excessive net negative impact screening. This involves an assessment of the business's impact on the environment and/or society using both quantitative and qualitative data. If this assessment concludes that a business's impact on the environment and/or society is excessively net negative, it is excluded from the Fund's universe of investible companies.

To ensure that the Fund's investment process is adhered to on an ongoing basis, Fundsmith operates a comprehensive, quantitative and qualitative monitoring process which analyses all aspects of the companies within the Fund's investible universe to ensure they continue to meet the Fund's high-quality criteria.

As part of this process, the long-term sustainability of a business is considered in detail. As a long-term investor, Fundsmith approaches environmental, social and governance matters in the widest possible sense, considering all factors that may affect a company's ability to sustain returns for the long term and its alignment with the Fund's sustainability screening and net impact criteria. Further research and due diligence is undertaken to determine whether or not the stock is suitable for the portfolio. Only a small percentage of the investment universe meets the Fund's criteria. As a result, the Company's investment portfolio is concentrated, generally comprising between 20 and 30 stocks. Following investment, Fundsmith continually monitors the Fund's investee businesses to ensure they remain aligned with the Fund's investment criteria.

Sustainability Metrics

Environmental Metrics

The metrics listed below are intended to provide investors with a level of insight into the sustainability characteristics of the Fund's investments. All of the environmental metrics are intensity metrics as they measure the relevant environmental matter relative to the business's free cash flow. Free cash flow is the remaining money a business has after covering operating expenses and capital expenditure and is one of the key indicators of a business's financial performance. Free cash flow is used for these purposes as it allows evaluation consistent with

Fundsmith Stewardship Fund

the Fund's investment philosophy of investing in businesses capable of sustaining high returns on operating capital employed.

Using intensity metrics allows the differing sizes of investee companies to be normalised.

	Fundsmith Stewardship Fund	MSCI World Index
Greenhouse gas emissions (tCO ₂ e/£m of free cash flow [FCF])	96	301
Energy usage (MWh/£m FCF)	669	1,215
Water usage (m ³ /£m FCF)	1,974	45,676
Waste generated (metric tons/£m FCF)	18	426

Social Metrics

As is detailed in the 'Sustainability approach' section, the Fund's aim is to avoid investing in companies that exert an excessively net negative impact, in this case on society. One of the ways the Fund ensures that this is maintained is by the continual assessment of investee companies' observation of and alignment with international norms and standards. During the reporting period (01/01/2025–31/12/2025), none of the Fund's investments were found to have breached the standards set out in the Organisation for Economic Co-operation and Development's (OECD) Guidelines for Multinational Enterprises and maintained the necessary standards and procedures to ensure this remains the case.

The Fund's investments drove meaningful social impact during the period through advancements in technology, healthcare, and scientific innovation, among various other areas.

Further Information

Further information on the Fund's sustainability framework can be found in the Fund's [Prospectus](#) and in the [Responsible Investment Policy](#). Fundsmith publishes an [Annual Sustainability Summary](#) for the Fund which provides detail on the metrics Fundsmith considers to be relevant to its investee companies. The Fund's product-level [Task Force on Climate-Related Financial Disclosures \(TCFD\) Report](#), which contains the Fund's climate-related reporting, is also available on the website.

Fundsmith

Fundsmith LLP
33 Cavendish Square
London
W1G 0PW
UK
T +44 20 3551 6337

©2026 Fundsmith LLP. All rights reserved. This financial promotion is communicated by Fundsmith LLP. Fundsmith LLP is authorised and regulated by the Financial Conduct Authority. It is entered on the Financial Services register under registered number 523102. Fundsmith LLP is a limited liability partnership registered in England and Wales with number OC354233. Its registered office address is 33 Cavendish Square, London, W1G 0PW.