

RepRisk Index (RRI)

As at 31 st July	FSEF	MSCI World
Environmental	2.5	5.5
Social	11.3	12.3
Governance	14.1	11.1
Total RRI	28.0	28.9
1 month RRI Change	2.3	-0.1
Peak 24 Month RRI	38	39

Innovation

As at 31 st July	FSEF	MSCI World
R&D as % of sales*	7.2%	5.1%
TTM Organic Growth"	12.6%	n/a
Capital Impact™	0.44	0.14

Environmental*

As at 31 st July	FSEF	MSCI World
Waste tns/£m FCF	20	689
Hazard's Waste tns/£m FCF	0.4	18
Water m³/£m FCF	1,281	29,609
GHG/CO2 tns/£m FCF	54	340
Energy MWh/£m FCF	307	1,328
Paris Aligned (2°)	65%	n/a
Net Zero commitment	74%	n/a

Social*

As at 31 st July	FSEF	MSCI World
Employees who are women	43%	38%
Management who are women	32%	28%
Executives who are women	24%	16%
Directors who are women	34%	28%

Governance*

As at 31 st July	FSEF	MSCI World
UN Global Compact Sign's.	35%	30%
Independent directors	79%	72%
Executives holding shares	69%	50%
Reporting to CDP	92%	67%
Reporting scope 1&2 GHG emissions	100%	84%
Reporting water withdrawal	77%	59%
Reporting waste generated	72%	56%

Least Reprisk

As at 31 st July	RRI
Waters	0
ADP	4
Zoetis	7
Coloplast	9

Most Reprisk

As at 31 st July	RRI
Alphabet	66
Johnson & Johnson	65
Microsoft	55
Unilever	50

Proxy Voting

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

July 2022 commentary

Environmental

- ▶ Microsoft has launched the Microsoft Climate Research Initiative (MCRI) under which the company will work with outside researchers on climate related projects. The company said it will collaborate on 9 projects during phase one of the initiative. Microsoft did not say how much it plans to spend on these MCRI projects.
- ▶ In July PepsiCo announced the closing of a new \$1.25bn 10-year Green Bond. It will use an amount equivalent to the net proceeds of the bond to fund eligible green projects that are aligned with the UN Sustainable Development Goals.

Social

- ▶ By 2025, PepsiCo's crisp brand Walkers is aiming to generate half of its sales from products that do not qualify as HFSS (high in fat, salt or sugar) or come in portions of 100 calories or less. The company today announced that Doritos Dippers, PopWorks and Walkers Baked has already met these targets.
- ▶ In 2021 MindGeek, the owner of Pornhub, was sued in California for violating laws relating to child pornography and profiting from illegal activities. The plaintiff named Visa in the lawsuit, claiming that the payment processors used by Pornhub should also be liable. Last month the judge overseeing the case dismissed Visa's request to be removed from the lawsuit, reasoning that the allegations against Visa were sound enough that "the court can comfortably infer that Visa intended to help MindGeek monetise child porn" by "knowingly providing the tool used to complete the crime." The judge added, "when MindGeek decides to monetize child porn, and Visa decides to continue to allow its payment network to be used for that goal despite knowledge of MindGeek's monetisation of child porn, it is entirely foreseeable that victims of child porn like plaintiff will suffer the harms that plaintiff alleges...Here is Visa, standing at and controlling the valve, insisting that it cannot be blamed for the water spill because someone else is wielding the hose".
- ▶ Home Depot's 2022 ESG report promises a big increase in sourcing from Tier 1 diverse suppliers by 2025 and notes that it has given \$400m to veterans' causes over the past 10 years. It also reports that 36% of its new US hires in 2021 were women and more than 57% were from ethnic minorities.

Governance

- ▶ L'Oréal has received the Palme de la Pédagogie. The award recognises the company that has made the greatest effort to inform and communicate with its shareholders.
- ▶ A Russian court has fined Google 21.8bn RUB (\$387m) for distributing "inaccurate information" about the Russian military in Ukraine, as well as materials promoting extremist views and ideologies. Google declared its Russian subsidiary bankrupt in May, so it is effectively a publicity exercise.
- ▶ Italy's antitrust authorities have now started a probe against Alphabet for an alleged dominant position in the portability of data.

Innovation

- ▶ DeepMind, a company owned by Google, has produced a database containing the 3D structures of almost every protein known to exist (roughly 200 million) using an AI program they developed called AlphaFold. Knowing the structure of a protein allows scientists to predict how it will interact with other proteins and drugs, and how the reverse works, i.e. how transmission-blocking antibodies interact with the protein. Parkinson's and malaria are two diseases which scientists believe this technology may help cure.

Last Month RRI Change

Biggest Decrease	Biggest Increase
Intuit -4	IDEXX +46

IDEXX's RepRisk Index increased by 46 in July after a class action lawsuit was filed by pet owners in Northern California and its first example of negative coverage since 2013. The lawsuit alleges that the company has been abusing its market power since 2018 through using exclusive long-term contracts with veterinary practices across the country. The complaint seeks an injunction and unspecified damages of more than \$5m. The complaint doesn't present any evidence and only presumes that IDEXX's abuse of market power has led to higher prices for consumers. IDEXX settled a US Federal Trade Commission antitrust claim in 2013 in which it did not admit liability and agreed to stop some exclusivity arrangements with three national distributors of "point-of-care" testing products.

*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.