

RepRisk Index (RRI)

As at 31 st May	FSEF	MSCI World
Environmental	2.7	5.2
Social	14.8	13.7
Governance	13.6	13.1
Total RRI	31.1	32.0
1 Month RRI Change	1.8	0.1
Peak 24 Month RRI	42	42

Innovation

As at 31 st May	FSEF	MSCI World
R&D as % of sales*	6.0%	5.5%
TTM Organic Growth [†]	6.3%	n/a
Capital Impact [™]	0.82	0.22

Environmental*

As at 31 st May	FSEF	MSCI World
Waste tns/£m FCF	25.7	610
Hazard's Waste tns/£m FCF	0.6	21
Water m ³ /£m FCF	1,523	23,877
GHG/CO2 tns/£m FCF	164	400
Energy MWh/£m FCF	558	1,337
Paris Aligned (2°)	65%	n/a
Net Zero commitment	82%	n/a

Social*

As at 31 st May	FSEF	MSCI World
Employees who are women	41%	39%
Management who are women	36%	31%
Executives who are women	29%	21%
Directors who are women	37%	33%

Governance*

As at 31 st May	FSEF	MSCI World
UN Global Compact Sign's.	42%	36%
Independent directors	80%	72%
Executives holding shares	61%	47%
Reporting to CDP	92%	77%
Reporting scope 1&2 GHG emissions	96%	93%
Reporting water withdrawal	77%	64%
Reporting waste generated	69%	63%

Least Reprisk

As at 31 st May	RRI
Waters	0
IDEXX	0
Fortinet	0
Mettler-Toledo	0

Most Reprisk

As at 31 st May	RRI
Novo Nordisk	65
Alphabet	61
Microsoft	57
McDonald's	56

Proxy Voting

12 months ending 28 th March	%
Proxies voted	100
Voted against management	10
Voted against executive remuneration	88

May 2024 commentary

Environmental

- ▶ Microsoft announced it had signed a new five-year global renewable energy framework agreement with Brookfield Asset Management's clean energy platform. The deal aims to develop over 10.5GW of new clean energy capacity across the US and Europe and, according to Brookfield and Microsoft, is the largest corporate clean energy deal ever.
- ▶ Microsoft signed multiple other deals aimed at further reducing their carbon emissions in May, including:
 - ▶ a ten-year offtake agreement with Stockholm Exergi, with Microsoft purchasing more than 3.3 million metric tons of carbon removal certificates generated via carbon capture and storage (CCS),
 - ▶ another ten-year CCS-based offtake agreement with Ørsted, with the company agreeing to buy one million metric tons of carbon removal certificates,
 - ▶ a 15-year carbon removal agreement with nature-based climate solution company re.green, purchasing three million carbon removal credits generated through reforestation projects in Brazil, and
 - ▶ Two 15-year power purchase agreements with German energy company RWE, agreeing to buy a combined capacity of 446 MW of renewable energy from two new wind farms in Texas.
- ▶ Google, Microsoft, Meta, and Salesforce are working together to launch the Symbiosis Coalition. The Coalition is a new advanced market commitment collaboration aimed at supporting the development and growth of the market for nature-based carbon removals. The Coalition commits to contract around 20 million metric tons of nature-based carbon removal credits.
- ▶ Google announced a partnership with Finish energy provider Haminan Energy. Under the agreement, the heat generated by Google's data centre in the town will be recovered by the energy company and sent to homes and public buildings in the surrounding area. The energy recovered is estimated to represent 80% of the local district's heating network's annual heat demand. Google has committed to providing the heat free of charge.
- ▶ Google announced that it has signed its first solar-based power purchase agreement (PPA) in Japan. The first is a project with Clean Energy Connect, which will install around 800 small-scale solar plants across Japan, representing 40 MW of additional renewable capacity. The second is a PPA with Shizen Energy focusing on developing a 20 MW solar project on the same grid as Google's data centre in Inzai City, Chiba prefecture.
- ▶ PepsiCo announced that one of its beverage factories in Spain will become its first factory to reach net zero emissions by 2025. PepsiCo has invested €32 million in sustainability-related innovation projects at the factory over the past five years.

Social

- ▶ The Home Depot Foundation has announced that it is committing up to \$300,000 to support immediate disaster relief and long-term recovery efforts in states across the US that recent tornadoes and severe flooding have impacted.
- ▶ Zoetis was named in Fair360's 'Top 50 Companies' list for the first time in May. The list identifies companies in the US with leading practices in workplace fairness and talent strategies, workplace supplier diversity practices, and philanthropic engagement. Zoetis was also recognised on three of Fair360's speciality lists, including 'Top Companies for Women Executives', 'Top Companies for Latino Executives' and Top Companies for 'Talent Acquisition for Women of Color [sic]'.

Last Month RRI Change

Biggest Decrease	Biggest Increase
PepsiCo -9	ADP +29

ADP's RepRisk Indicator increased by 29 in May after its first piece of negative news since the summer of 2021. ADP has a Professional Employer Organisation (PEO) product called TotalSource, an outsourced HR department for small and medium-sized companies. When a company uses TotalSource, ADP co-employs the company's employees and, therefore, shares employer responsibilities. During May, one of these PEO customers, Voya Institutional Plan Services (VIPS), which administers US retirement plans, and ADP were subject to a class action lawsuit accusing them of overcharging recordkeeping fees on a \$7.8bn retirement plan. The lawsuit on behalf of 50,000 customers alleges a breach of fiduciary duties, with ADP offering expensive investment options and VIPS charging recordkeeping fees of \$91 to \$117 per participant, surpassing the \$31 maximum for similar plans. Moreover, ADP allegedly permitted VIPS to use participants' confidential information, including account balances, investment records, and phone numbers to try and sell other products. We will continue to monitor the lawsuit as it develops.

*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.