

RepRisk Index (RRI)

As at 30 th August	FSEF	MSCI World
Environmental	2.7	5.2
Social	13.8	14.2
Governance	11.4	13.9
Total RRI	27.9	33.3
1 Month RRI Change	-1.3	0.2
Peak 24 Month RRI	41	43
RRR	BB	B

Innovation

As at 30 th August	FSEF	MSCI World
R&D as % of sales*	6.2%	5.5%
TTM Organic Growth"	5.5%	n/a
Capital Impact™	0.76	0.23

Environmental*

As at 30 th August	FSEF	MSCI World
Waste tns/£m FCF	26.0	578
Hazard's Waste tns/£m FCF	0.5	19
Water m ³ /£m FCF	1,534	23,038
GHG/CO2 tns/£m FCF	159	391
Energy MWh/£m FCF	619	1,309
Paris Aligned (2°)	67%	n/a
Net Zero commitment	82%	n/a

Social*

As at 30 th August	FSEF	MSCI World
Employees who are women	42%	39%
Management who are women	38%	31%
Executives who are women	30%	21%
Directors who are women	38%	33%

Governance*

As at 30 th August	FSEF	MSCI World
UN Global Compact Sign's.	40%	36%
Independent directors	79%	72%
Executives holding shares	61%	47%
Reporting to CDP	92%	77%
Reporting scope 1&2 GHG emissions	96%	92%
Reporting water withdrawal	76%	65%
Reporting waste generated	68%	64%

Least Reprisk

As at 30 th August	RRI
Waters	0
IDEXX	0
Fortinet	0
Mettler-Toledo	0

Most Reprisk

As at 30 th August	RRI
Alphabet	64
Microsoft	61
McDonald's	50
Unilever	49

Proxy Voting

12 months ending 28 th June	%
Proxies voted	100
Voted against management	6
Voted against executive remuneration	71

August 2024 commentary

Environmental

- ▶ Alphabet and Microsoft have been criticised for the large amount of energy and water consumed by their data centres in areas with high water stress, such as the US state of Virginia. Alphabet subsidiary Google used 14% more water in its data centres in 2023 compared to the prior year. Most of this increase has been attributed to the training of the company's large language models.
- ▶ Renewable energy provider Pivot Energy announced a five-year agreement with Microsoft to develop up to 500MW of solar energy production across the US. Microsoft will match customer electricity usage with new renewable electricity generation through the agreement, supporting its efforts to reduce Scope 3 emissions. Under the new deal, Microsoft will purchase renewable energy credits (REC) over a 20-year term from Pivot, which will develop approximately 150 solar farms in 100 communities across 20 states. The first projects are expected to start operations before the end of the year. Microsoft also agreed to purchase 80k tonnes of carbon credits from a US Forest management project based in Northern California.

Social

- ▶ Microsoft's Azure has been criticised for reportedly being used by the Israel Defence Force to monitor Palestinians in Gaza. Allegedly, the Israeli military uses Azure's artificial intelligence features as well as its capability to store sensitive information that the military's limited server capacity cannot handle. Microsoft is accused of complicity by directly participating in Israel's killing of Palestinians during the war due to their use of their tools.
- ▶ Alphabet's Google has been criticised for an alleged secret deal that allowed them to target advertisements to minors in Canada and the US by exploiting a loophole and circumventing its own policies. The project reportedly started in 2023, when Meta tasked Publicis Groupe's Spark Foundry with creating a marketing campaign to attract 13-to-17-year-olds to its Instagram app. After Google won the mandate from Spark Foundry, its staff allegedly devised a strategy to bypass its own policy, which prohibited ad personalisation and targeting to minors as well as the circumvention of this rule through "proxy targeting". The true intent of the campaign was deliberately disguised by labelling user groups that were predominantly minors as "unknown" and prohibiting any written reference to age ranges. The marketing program, which is now allegedly cancelled, was first launched on YouTube Canada between February and April 2024, and then on YouTube in the US in May 2024.

Last Month RRI Change

Biggest Decrease

Novo Nordisk -13

Biggest Increase

Home Depot +11

Home Depot's RepRisk Index increased by 11 in August due to two pieces of news from the US. First, five US immigrants have sued the City of Chicago and Home Depot after off-duty police officers who were working as the company's security guards allegedly abused and hit them while they were looking for work outside one of the company's stores. Second, Samsung Electronics has recalled over 1.1m slide-in electric cookers due to their involvement in 250 fires since 2013. Samsung has received over 300 reports of the front-mounted knobs on the ranges being accidentally activated by humans or pets, which have led to the fires. The Thai-manufactured cookers were sold at Best Buy, Costco, and Home Depot stores.

*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 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.