

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant Bridgewater Associates, LP (LEI : EMTKKMJN2BHVKBWS4553)

Summary

Bridgewater Associates, LP (“Bridgewater”) (LEI : EMTKKMJN2BHVKBWS4553) considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Bridgewater.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2022 to 31 December 2022

Description of the principal adverse impacts on sustainability factors

For a majority of Bridgewater’s assets under management, Bridgewater does not consider the principal adverse impacts of investment decisions on sustainability factors as contemplated by article 4 of SFDR.

For products offered by Bridgewater that promote environmental or social characteristics as contemplated by article 8 of SFDR, Bridgewater has implemented a due diligence policy which sets out due diligence measures designed to consider the principal adverse impacts of investment decisions on sustainability factors (the “PAI Policy”). For such products during the reference period, Bridgewater considered the principal adverse impacts of investment decisions on sustainability factors by investing only in assets that it has assessed to be aligned with the United Nations Sustainable Development Goals, which Bridgewater determines based on a proprietary assessment methodology that utilizes external data sources. In 2023, securities were added that are on a clear and credible path to be aligned to the UN SDG’s rather than excluding only the least aligned.

Indicators applicable to investments in investee companies						
Adverse sustainability indicator	Metric	Impact* [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	1,652,081.12	n/a	n/a	For a majority of Bridgewater’s assets under management, Bridgewater does not consider the principal adverse impacts of investment decisions on sustainability factors as contemplated by article 4 of SFDR. For our Article 8 products, during the reporting period, we considered the principal adverse impacts of investment decisions on sustainability factors by investing only in assets that we assessed to be aligned with the SDGs, which we determined based on a proprietary assessment methodology. The proprietary methodology takes into account many indicators as part of our multidimensional sustainability data system including GHG emissions, GHG intensity of investee companies, exposure to companies active in the fossil fuel sector, Share of non-renewable energy consumption and production, energy consumption intensity per high impact climate sector, Activities negatively affecting biodiversity-sensitive areas, emissions to water, and hazardous waste and radioactive waste ratio.
		Scope 2 GHG emissions	507,878.13	n/a	n/a	
		Scope 3 GHG emissions	13,159,301.62	n/a	n/a	
		Total GHG emissions	15,320,717.03	n/a	n/a	
	2. Carbon footprint	Carbon footprint	525.00	n/a	n/a	
	3. GHG intensity of investee companies	GHG intensity of investee companies	1,340.77	n/a	n/a	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	10.30%	n/a	n/a	
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	83.57%	n/a	n/a	

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	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	<table border="1"> <tr> <td>NACE Code A</td> <td>0.28</td> </tr> <tr> <td>NACE Code B</td> <td>1.88</td> </tr> <tr> <td>NACE Code C</td> <td>0.90</td> </tr> <tr> <td>NACE Code D</td> <td>7.63</td> </tr> <tr> <td>NACE Code E</td> <td>1.05</td> </tr> <tr> <td>NACE Code F</td> <td>0.19</td> </tr> <tr> <td>NACE Code G</td> <td>0.15</td> </tr> <tr> <td>NACE Code H</td> <td>1.01</td> </tr> <tr> <td>NACE Code L</td> <td>0.49</td> </tr> </table>	NACE Code A	0.28	NACE Code B	1.88	NACE Code C	0.90	NACE Code D	7.63	NACE Code E	1.05	NACE Code F	0.19	NACE Code G	0.15	NACE Code H	1.01	NACE Code L	0.49	n/a	n/a	
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Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0.13%	n/a	n/a																			
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	141.42	n/a	n/a																			
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	26.15	n/a	n/a																			

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	1.37%	n/a	n/a	<p>For a majority of Bridgewater’s assets under management, Bridgewater does not consider the principal adverse impacts of investment decisions on sustainability factors as contemplated by article 4 of SFDR.</p> <p>For our Article 8 products, during the reporting period, we considered the principal adverse impacts of investment decisions on sustainability factors by investing only in assets that we assessed to be aligned with the SDGs, which we determined based on a proprietary assessment methodology. The proprietary methodology takes into account many indicators as part of our multidimensional sustainability data system including lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises, Unadjusted gender pay gap, Board gender diversity, and Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons).</p>
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	68.79%	n/a	n/a	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	12.42%	n/a	n/a	
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	29.06%	n/a	n/a	
	14. Exposure to controversial	Share of investments in investee companies involved	0.06%	n/a	n/a	

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	weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	in the manufacture or selling of controversial weapons				

Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	323.34	n/a	n/a	For a majority of Bridgewater’s assets under management, Bridgewater does not consider the principal adverse impacts of investment decisions on sustainability factors as contemplated by article 4 of SFDR. For our Article 8 products, during the reporting period, we considered the principal adverse impacts of investment decisions on sustainability factors by investing only in assets that we assessed to be aligned with the SDGs, which we determined based on a proprietary assessment methodology. The proprietary methodology takes into account many indicators as part of our multidimensional sustainability data system including GHG intensity.
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	2, 8.70%	n/a	n/a	

Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	n/a	n/a	n/a	n/a
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	n/a	n/a	n/a	n/a
Other indicators for principal adverse impacts on sustainability factors						
<p>For a majority of Bridgewater’s assets under management, Bridgewater does not consider the principal adverse impacts of investment decisions on sustainability factors as contemplated by article 4 of SFDR.</p> <p>For our Article 8 products, during the reporting period, we considered the principal adverse impacts of investment decisions on sustainability factors by investing only in assets that we assessed to be aligned with the SDGs, which we determined based on a proprietary assessment methodology. During the reporting period, we considered the principal adverse impacts of investment decisions on sustainability factors for article 8 products by investing only in assets that we assessed to be aligned with the SDGs, which we determined based on a proprietary assessment methodology. The proprietary methodology takes into account many indicators as part of our multidimensional sustainability data system including but not limited to, emissions of air pollutants, investments in companies without carbon emission reduction initiatives, average income inequality score, and average human rights performance.</p>						

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

Bridgewater’s Sustainable Investing & ESG Policy was adopted in January 2022. Our Sustainable Investing and ESG Policy is directly overseen by our Sustainable Investing Committee and reviewed on a regular, ongoing basis. The Sustainable Investing Committee also provides quarterly business updates to the CEO as well as ongoing updates to Bridgewater’s Investment Committee, which may result in updates to the Policy. We consider the principal adverse impacts of investment decisions on sustainability factors for products offered by Bridgewater that promote environmental or social characteristics as contemplated by article 8 of SFDR by investing in assets that we have assessed to be aligned with the United Nations Sustainable Development Goals, which we determine based on a proprietary assessment methodology that takes into account relevant adverse sustainability impact indicators among many other indicators as part of our multidimensional sustainability data system.

Engagement policies

Bridgewater has implemented a Stewardship and Corporate Engagement Policy which sets out how it integrates shareholder engagement in its investment strategy, which includes engagement with investee companies where ESG risks and/or opportunities for improvement are identified.

References to international standards

Bridgewater is a signatory to the UN Principles for Responsible Investment and a supporter of the Task Force on Climate related Financial Disclosures. Bridgewater believes that it has aligned its business with the objectives of the Paris Agreement in connection with products offered by Bridgewater that promote environmental or social characteristics as contemplated by article 8 of SFDR. For portfolios with sustainability goals in addition to traditional return and risk objectives, we not only consider how ESG-related issues might affect return and risk but also how aligned these portfolios are to environmental and social characteristics. We approach the challenge of sustainable investing in liquid markets by applying Bridgewater’s fundamental, systematic, and diversified approach. Using this approach, we have built a systematic assessment process for evaluating whether instruments are aligned with environmental and social goals. This process assesses the alignment of major public market instruments (across asset classes) to the UN Sustainable Development Goals (SDGs). We have selected the alignment to the UN Sustainable Development Goals (SDGs) as the foundational framework for this approach because they are oriented towards positive environmental and social goals, are widely accepted by governments and asset owners, and contain specific and measurable indicators that help investors and researchers to assess whether a given entity is helping to achieve any of the 17 goals.

While our research is internally generated, we use a variety of external data sources as inputs into our research process. We obtain economic and market data from all major developed and emerging governments, central banks, and exchanges. We access data from the major, external public and private databases.

In terms of sustainability research, we continuously assess sustainability data in order to build out our sustainability data ecosystem. We leverage our decades of accumulated expertise in data diligence, data processing, data management technology, and data systemization talent.

We currently ingest, process, clean, and work with sustainability data sources and data providers across asset classes and themes. This data comes from a wide range of quality sources such as ESG data specialists, financial industry partnerships, major institutional data providers, academic sources, international public institutions, and NGOs.

Historical comparison

n/a

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