

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 2023 to 31 December 2023.

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. The proprietary methodology takes into account many indicators as part of our multidimensional sustainability data system. In 2023, securities were added that are on a clear and credible path to be aligned to the UN SDGs.

Indicators applicable to investments in investee companies						
Adverse sustainability indicator		Metric	Impact [2023]	Impact [2022]	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	1,085,119.02	1,652,081.12	Sum of portfolio companies' Carbon Emissions - Scope 1 (tCO2e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.	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-
		Scope 2 GHG emissions	347,496.50	507,878.13	Sum of portfolio companies' Carbon Emissions - Scope 2 (tCO2e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.	
		Scope 3 GHG emissions	8,947,931.66	13,159,301.62	Sum of portfolio companies' Scope 3 - Total Emission Estimated (tCO2e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.	
		Total GHG emissions	10,393,915.07	15,320,717.03	The total annual Scope 1, Scope 2, and estimated Scope 3 GHG emissions associated with the market value of the portfolio. Companies' carbon emissions are apportioned across all outstanding shares and bonds	

					(based on the most recently available enterprise value including cash).	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.
2. Carbon footprint	Carbon footprint	505.47	525.00	The total annual Scope 1, Scope 2, and estimated Scope 3 GHG emissions associated with 1 million EUR invested in the portfolio. Companies' carbon emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).		
3. GHG intensity of investee companies	GHG intensity of investee companies	1,168.45	1,340.77	The portfolio's weighted average of its holding issuers' GHG Intensity (Scope 1, Scope 2 and estimated Scope 3 GHG emissions/EUR million revenue).		
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	9.75%	10.30%	The percentage of the portfolio's market value exposed to issuers with fossil fuels related activities, including extraction, processing, storage and transportation of petroleum products, natural gas, and thermal and metallurgical coal.		
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	77.42%	83.57%	The portfolio's weighted average of issuers' energy consumption and/or production from non-renewable sources as a percentage of total energy used and/or generated.		

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	NACE Code: A	0.34	NACE Code: A	0.28	The portfolio's weighted average of Energy Consumption Intensity (GWh/million EUR revenue) for issuers classified within NACE Code A (Agriculture, Forestry and Fishing)	
		NACE Code B	0.78	NACE Code B	1.88	The portfolio's weighted average of Energy Consumption Intensity (GWh/million EUR revenue) for issuers classified within NACE Code B (Mining and Quarrying)	
		NACE Code C	1.32	NACE Code C	0.90	The portfolio's weighted average of Energy Consumption Intensity (GWh/million EUR revenue) for issuers classified within NACE Code C (Manufacturing)	
		NACE Code D	5.23	NACE Code D	7.63	The portfolio's weighted average of Energy Consumption Intensity (GWh/million EUR revenue) for issuers classified within NACE	

							Code D (Electricity, Gas, Steam and Air Conditioning Supply)	
			NACE Code E	0.87	NACE Code E	1.05	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code E (Water Supply; Sewerage, Waste Management and Remediation Activities)	
			NACE Code F	0.23	NACE Code F	0.19	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code F (Construction)	
			NACE Code G	0.14	NACE Code G	0.15	The fund's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code G (Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles)	
			NACE Code H	1.52	NACE Code H	1.01	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE	

							Code H (Transportation and Storage)
			NACE Code L	0.63	NACE Code L	0.49	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code L (Real Estate Activities)
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	15.33%		0.13%		The percentage of the biodiversity-sensitive areas companies with sites/operations located portfolio's market value in or near to biodiversity sensitive areas exposed to issuers' that where activities of those investee reported having companies negatively affect those areas operations in or near biodiversity sensitive areas and have been implicated in controversies with severe or very severe impacts on the environment.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.07		141.42		The total annual by investee companies per million EUR wastewater discharged invested, expressed as a weighted (metric tons reported) average into surface waters as a result of industrial or manufacturing activities associated with 1 million EUR invested in the portfolio. Companies' water emissions are apportioned across all outstanding shares and bonds (based on the most recently

					available enterprise value including cash).	
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	24.76	26.15	The total annual hazardous waste (metric tons reported) associated with 1 million EUR invested in the portfolio. Companies' hazardous waste is apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).	
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	0.80%	1.37%	The percentage of the portfolio's market value exposed to issuers with very severe controversies related to the company's operations and/or products.	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.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD	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	2.35%	68.79%	The percentage of the portfolio's market value exposed to issuers that are not signatories in the UN Global Compact.	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

	Guidelines for Multinational Enterprises	UNGC principles or OECD Guidelines for Multinational Enterprises				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).
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	10.34	12.42%	The portfolio holdings' weighted average of the difference between the average gross hourly earnings of male and female employees, as a percentage of male gross earnings.	
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	30.89%	29.06%	The portfolio holdings' weighted average of the percentage of board members who are female.	
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.01%	0.06%	The percentage of the portfolio's market value exposed to issuers with an industry tie to landmines, cluster munitions, chemical weapons or biological weapons. Note: Industry ties includes ownership, manufacturing and investments. Ties to landmines do not include related safety products.	
Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator		Metric	Impact [2023]	Impact [2022]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	273.98	323.34	The portfolio's weighted average of sovereign issuers' GHG Emissions Intensity (Scope 1, 2 and 3 emissions/EUR M GDP)	For a majority of Bridgewater's assets under management, Bridgewater does not consider the

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%	2, 8.70%	The portfolio's number of unique sovereign issuers with European External Action Service (EEAS) restrictive measures (sanctions) on imports and exports. The portfolio's percentage of unique sovereign issuers with European External Action Service (EEAS) restrictive measures (sanctions) on imports and exports	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.
Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		Metric	Impact [2023]	Impact [2022]	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
<p>Other indicators for principal adverse impacts on sustainability factors</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>						
<p>Description of policies to identify and prioritise principal adverse impacts on sustainability factors</p> <p>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.</p>						
<p>Engagement policies</p> <p>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.</p>						

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.

Data Sources

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

See table above for 2022 v. 2023 comparison.

**Source: MSCI. Certain information contained herein (the “Information”) is sourced from/copyright of MSCI Inc., MSCI ESG Research LLC, or their affiliates (“MSCI”), or information providers (together the “MSCI Parties”) and may have been used to calculate scores, signals, or other indicators. The Information is for internal use only and may not be reproduced or disseminated in whole or part without prior written permission. The Information may not be used for, nor does it constitute, an offer to buy or sell, or a promotion or recommendation of, any security, financial instrument or product, trading strategy, or index, nor should it be taken as an indication or guarantee of any future performance. Some funds may be based on or linked to MSCI indexes, and MSCI may be compensated based on the fund’s assets under management or other measures. MSCI has established an information barrier between index research and certain Information. None of the Information in and of itself can be used to determine which securities to buy or sell or when to buy or sell them. The Information is provided “as is” and the user assumes the entire risk of any use it may make or permit to be made of the Information. No MSCI Party warrants or guarantees the originality, accuracy and/or completeness of the Information and each expressly disclaims all express or implied warranties. No MSCI Party shall have any liability for any errors or omissions in connection with any Information herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.*