



## Impact in Public Markets

Karen Karniol-Tambour, Director of Investment Research

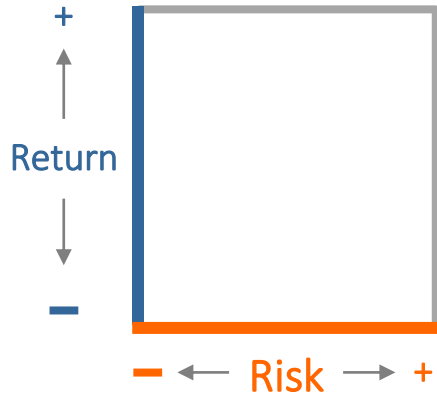
Bridgewater Associates

March 2021

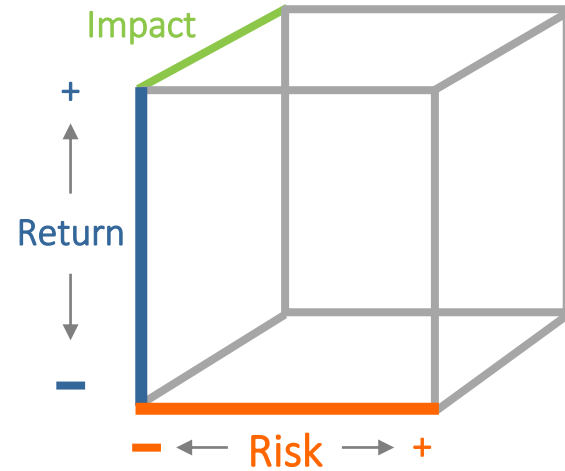
# 3D PORTFOLIO ENGINEERING: RETURN-RISK-IMPACT

As investors approach ESG and Sustainability, there is a crucial first goal level question:  
Is the approach designed to address...

(A) the financial characteristics of the portfolio?



(B) the environmental / social impact of the portfolio?

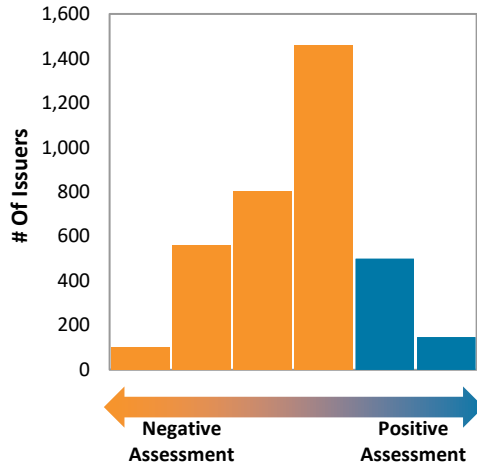


# SUSTAINABILITY FRAMEWORK ACROSS ASSET CLASSES

## Public Equities

Sustainability of Products  
+  
Business Behavior

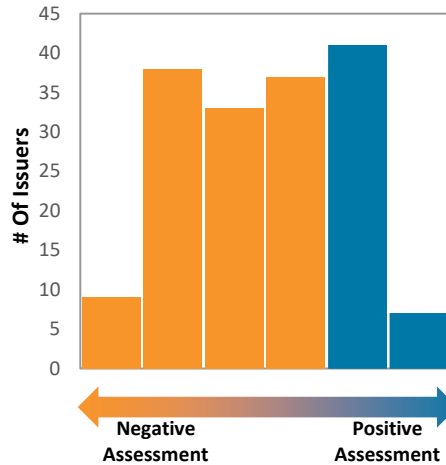
### Public Equities Assessment



## Sovereign Bonds (Nominal + Inflation-Linked)

Sovereign Outcomes  
+  
Sovereign Actions  
+  
Sovereign Commitments

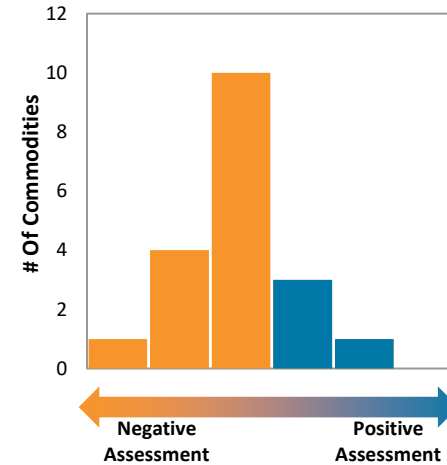
### Sovereigns Assessment



## Commodities

Sustainability of Production  
+  
Sustainability of Consumption

### Commodities Assessment

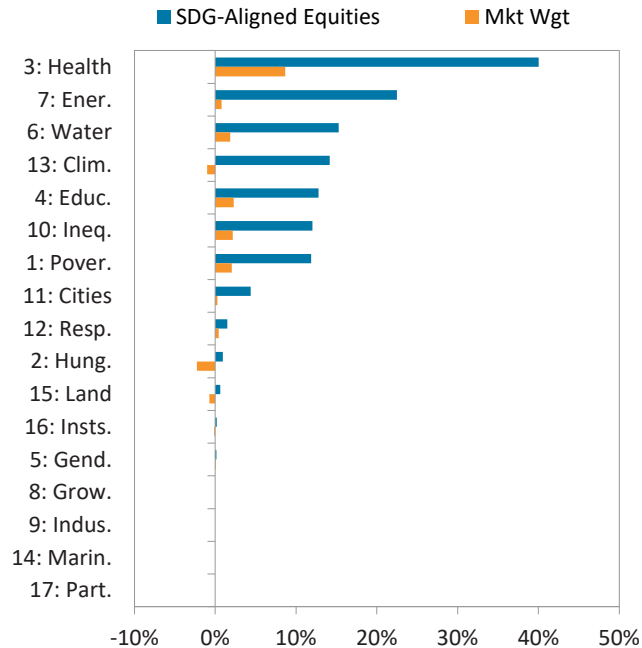


# EQUITIES

## Systematic Analysis

### Equities Revenue Alignment to SDGs

(Sorted by Most Investable)



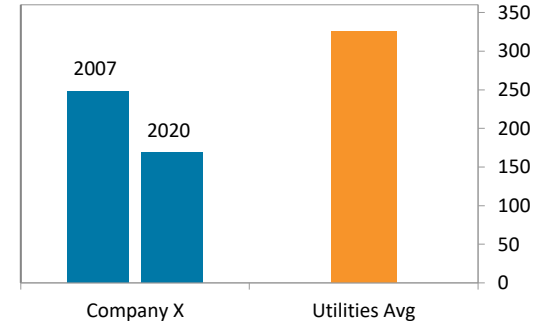
## Case Study: Utilities Company

### PRODUCTS AND SERVICES

- Provides water and wastewater services to 15M customers
- 100% revenue alignment to SDG 6: Clean Water and Sanitation

### BUSINESS BEHAVIOR

#### Carbon Intensity

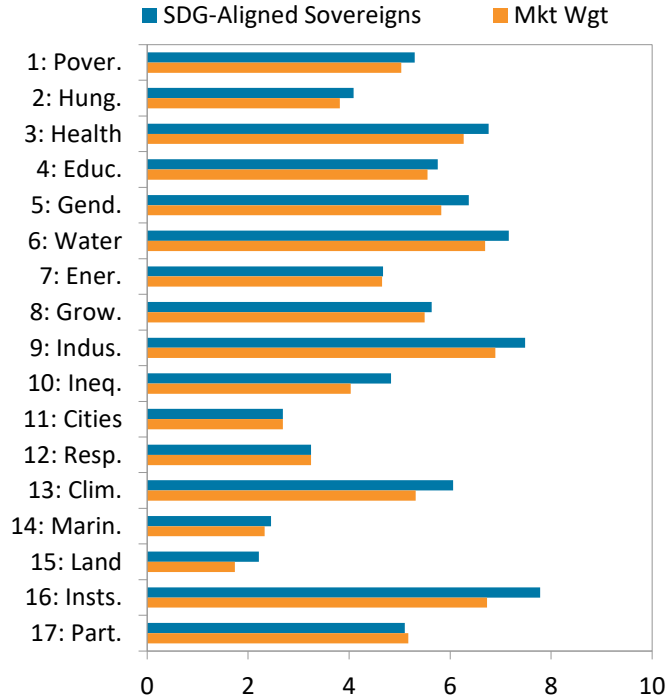


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# SOVEREIGN BONDS

## Systematic Analysis

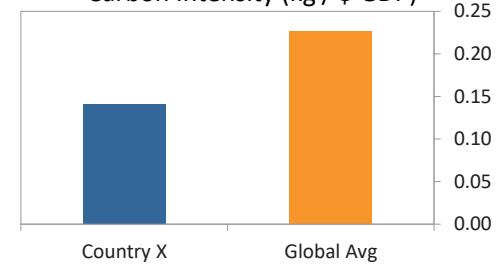
### Sovereign Bond Alignment to SDGs



## Case Study: European Country

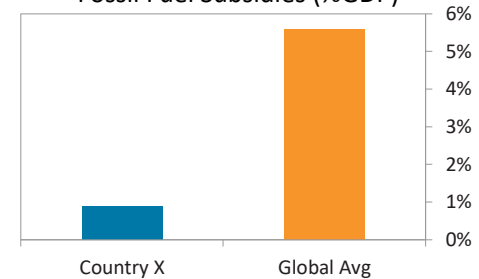
### OUTCOMES

#### Carbon Intensity (kg / \$ GDP)



### ACTIONS / COMMITMENTS

#### Fossil Fuel Subsidies (%GDP)

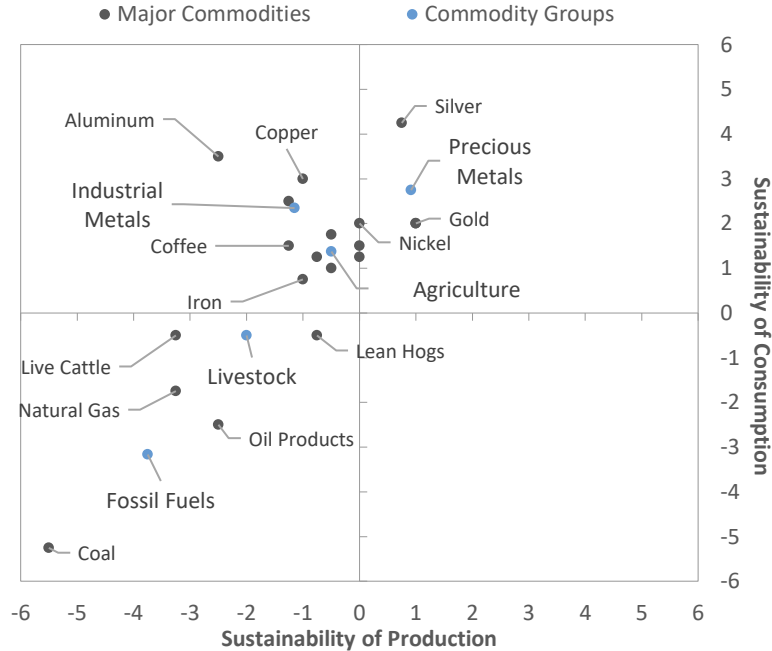


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# COMMODITIES

## Systematic Analysis

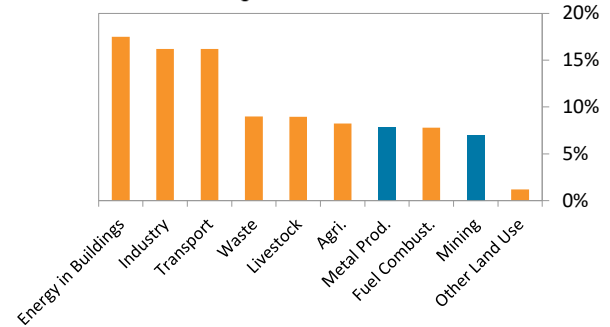
### Commodity Sustainability Assessment



## Case Study: Industrial Metals

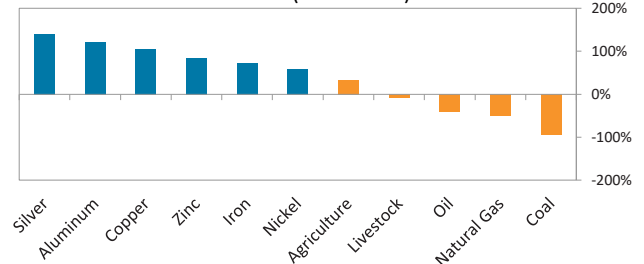
### SUSTAINABILITY OF PRODUCTION

Activities Leading to Greenhouse Gas Emissions



### SUSTAINABILITY OF CONSUMPTION

Change in Demand vs. Baseline in Less Than 2°C Rise Scenario (2020-2050)

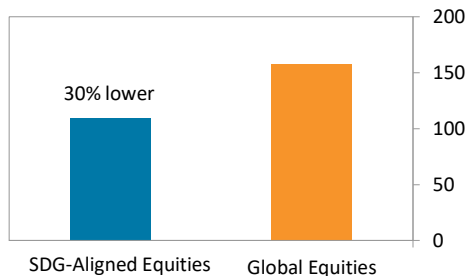


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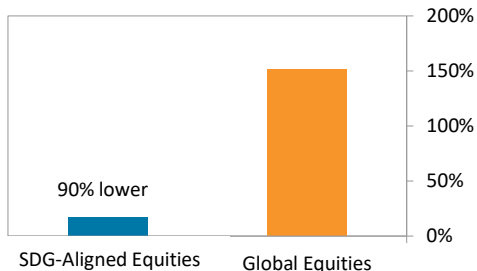
# EXAMINING IMPACT ACROSS THE PORTFOLIO: CLIMATE CHANGE EXAMPLE

## Equities

Scope 1 & 2 Carbon Emissions  
(Tons per \$1M in Revenue)

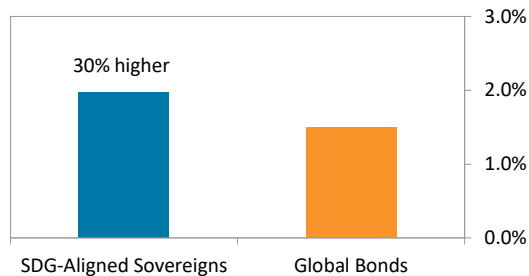


Average Total Company Environmental Cost  
(% Net Income)

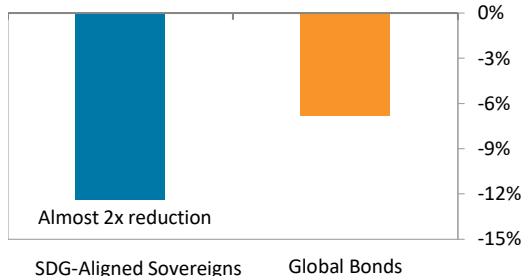


## Sovereign Bonds

Environmental R&D Spending  
(%GDP)

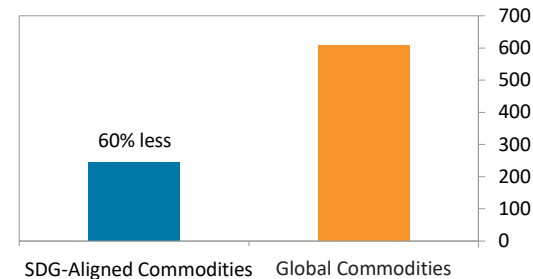


Emissions Intensity Change since 2010  
(Tons of CO<sub>2</sub>e per \$ GDP)

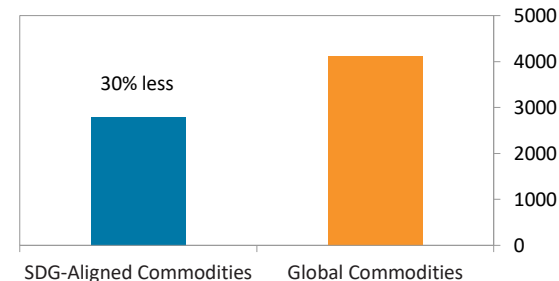


## Commodities

Carbon Emissions Intensity from Production  
(Tons per \$1M)



Carbon Emissions Intensity from Consumption  
(Tons per \$1M)



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