

# **MIFIDPRU 8 DISCLOSURE**

**BLUE WATER ENERGY LLP**

**FRN: 565160**

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## 1. Introduction

As a UK investment firm undertaking activities within the scope of the UK Markets in Financial Instruments Directive (MIFID), Blue Water Energy LLP (Bluewater) (the Firm) is subject to the prudential requirements of the Investment Firms Prudential Regime (IFPR) contained in the Prudential sourcebook for MIFID investment firms (MIFIDPRU) of the FCA Handbook.

IFPR is the Financial Conduct Authority (FCA)'s new prudential regime for MIFID investment firms which aims to streamline and simplify the prudential requirements for UK investment firms. It came into effect on 1st January 2022 and its provisions apply to Bluewater. Bluewater is categorised as a Non-Small Non-Interconnected (Non-SNI) MIFIDPRU investment firm as relevant SNI thresholds (outlined in [MIFIDPRU 1.2.1](#)) have been exceeded (primarily Bluewater's Assets Under Advice (AUA) on an ongoing nature, is greater than £1.2 billion).

Consequently, Bluewater is required to publish disclosures in accordance with the provisions outlined in [MIFIDPRU 8](#), taking account of the FCA's transitional provisions for disclosure requirements contained in [MIFIDPRU TP 12](#) which limit these disclosure requirements to Bluewater's Governance, Own Funds, Own Funds Requirements and Remuneration arrangements in place.

Bluewater is not part of a consolidation group for prudential regulation purposes and this disclosure for Bluewater is prepared on a solo entity basis. The disclosed information is proportionate to the Firm's size and organisation, and to the nature, scope and complexity of its activities. These disclosures are published on at least an annual basis in line with the annual publication of Bluewater's audited financial statements, with reference point 31<sup>st</sup> March 2022.

Revised disclosures will be published should significant changes occur to Bluewater's business model. None of the disclosures have been audited and they have been produced solely for the purposes of satisfying the MIFIDPRU requirements. These disclosures are published on the [Bluewater](#) website.

## 2. Corporate Structure

Bluewater was incorporated on 11<sup>th</sup> May 2011, as a Limited Liability Partnership (LLP) with an Incorporation Number OC364534 and registered address at 17 Connaught Place, London, W2 2ES.

Bluewater has been authorised and regulated by the FCA since 12<sup>th</sup> April 2012 and is authorised for specific activities and product types. Full details of Bluewater's activities and services can be found at [Bluewater FCA Pt. 4A Permission](#).

Bluewater is an investment adviser providing private equity investment advisory services to its clients pursuant to the terms of investment advisory agreements between Bluewater and its clients. Bluewater's clients are the General Partners (GPs) or Alternative Investment Fund Managers (AIFMs) to Limited Partnership (LP) Private Funds. . Bluewater does not act as agent and does not deal in investments as principal or trade using its own balance sheet. Bluewater also does not provide custody services to its clients or hold any client money.

## 3. Governance

In accordance with Bluewater has a formalised governance structure which is designed to provide oversight of the risk management of the Firm's business operations in line with the systems and controls that Bluewater has in place to operate appropriately and in accordance with the necessary regulatory requirements and expectations. The governance structure further provides for independent oversight and challenge to the executive.

Bluewater’s governance framework comprises the Governing Body of the Firm, the Management Committee, and a number of sub-committees which collectively manage and oversee the business. The Management Committee has the overall responsibility for the Firm and approve and oversee the implementation of Bluewater’s strategic objectives, risk strategy and internal governance arrangements.

### 3.1. Management Committee

The Management Committee is comprised of the Managing Partners, who are also the owners and founders of Bluewater. The members of the Management Committee possess a wide range of skill sets represented among its membership, with an appropriate emphasis on each of compliance, risk and technology alongside Bluewater’s general investment advisory objectives. The Managing Partners are all Senior Managers (as defined under the FCA’s Senior Managers and Certification Regime (SMCR)) and conduct their roles in line with their Senior Management Functions (SMF) and their assigned responsibilities. They are supported by two members of Bluewater’s operational, compliance and finance team.

The Management Committee retains ultimate oversight over the governance and operation of Bluewater and is ultimately responsible for instilling an appropriate risk culture within Bluewater, aligning risk with the business strategy, defining Bluewater’s risk appetite and approving risk policies and infrastructure. The governance and oversight frameworks in place ensure that the Management Committee defines, oversees and is accountable for the implementation of arrangements to ensure effective and prudent management of the Firm, including appropriate segregation of duties of the SMFs in accordance with the SMCR and the management of conflicts of interest.

Bluewater’s Management Committee has adopted and implemented Conflicts of Interest arrangements, which are supported by a suite of related policies and procedures that are in place across the business.

Due to its size, nature and complexity of the business activities, Bluewater is not required to establish a Risk Committee, a Nomination Committee or a Remuneration Committee as part of its governance arrangements (as outlined in [MIFIDPRU 7.1.4](#)). However, Bluewater has elected to establish a Risk Committee and a Remuneration Committee.

### 3.2. Directorships

The following information relates to the appointments of members of the Management Committee held in both, executive and/or non-executive functions, including directorships held at external, commercial organisations as of 31<sup>st</sup> March 2022.

Controlled Function	Senior Management Function	Name of Senior Manager	Directorships *
Governing	SMF27 (Partner)	Tom Sikorski	Jordan TopCo Limited, Contour Technologies Limited, SG Midco Limited, Contour Holdings International Limited, Edge Europe Holdco Limited, BWE Edge UK Limited, Edge Holdco UK Limited, Methax UK Limited, Galileo Global Technologies Ltd, Galileo Holdco 1 Limited, Galileo Holdco 2 Limited, Excellence Logging Limited, Excellence Logging Holding Limited
Governing	SMF27 (Partner)	Jerker Johansson	Johansson Family Foundation Limited
Governing	SMF27 (Partner)	Graeme Sword	BWE Norway Investment Holdco Limited, Forty Montagu Square Limited, Transforming Training with Technology Limited, 3T Energy Subco Limited, 3T Energy Group Limited, Wellesley Holdco Limited, Jengra Limited.

\*in scope with [FCA MIFIDPRU 8.3.1\(2\)](#).

### 3.3. Diversity

Bluewater's Managing Partners value the innovation and creativity that diversity of thought brings to its business and understands that diversity, equality and inclusion play a critical role in establishing strong governance and maintaining a healthy culture from the top as part of delivering higher standards of conduct and success of the business.

Bluewater continues to approach diversity in the broadest sense, recognising that successful businesses embrace diversity at all levels. The Managing Partners are committed to actively supporting and promoting a diverse workplace in recognition of the Bluewater members of staff being an integral asset in its operational business.

The Managing Partners are owners and founders of the business as well as holders of SMFs within the Firm. Bluewater acknowledges that the Managing Partners are therefore nominated to the Management Committee, by virtue of their significant roles and functions at the Firm and the ensuing governance responsibilities and prudential requirements placed on Bluewater. Therefore, the suitability and diversity of the Management Committee is closely linked to the suitability and diversity of its operational senior management team.

The Managing Partners aim to ensure no job applicant, employee or worker is discriminated against either directly or indirectly on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy or maternity, race, religion or belief, sex or sexual orientation.

As part of its governance framework, Bluewater's Management Committee reviews its composition and suitability on an ongoing basis to ensure that it is an effective decision-making body and to provide successful oversight and stewardship. The fitness and propriety and suitability of members of the Management Committee is reassessed periodically, in line with the requirements of the SMCR.

## 4. Own Funds

### 4.1. Composition of Regulatory Own Funds

Bluewater's holds only Common Equity Tier 1 (CET 1) capital resources as its own funds. CET 1 own funds consisted of eligible LLP members' capital and audited reserves (with deductions where required). Bluewater has complied with all externally imposed capital requirements in IFPR on 31<sup>st</sup> March 2022 and from its introduction on 1st January 2022.

**Table OF1: Own Funds: Composition of Regulatory Own Funds**

	Item	Amount (GBP) (000s)
1	<b>OWN FUNDS</b>	<b>2,239</b>
2	<b>TIER 1 CAPITAL</b>	<b>2,239</b>
3	<b>COMMON EQUITY TIER 1 CAPITAL</b>	<b>2,239</b>
4	Fully paid up capital instruments	75
5	Share premium	0
6	Retained earnings	2,164
7	Accumulated other comprehensive income	0
8	Other reserves	0
9	Adjustments to CET1 due to prudential filters	0
10	Other funds	0
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	0
19	CET1: Other capital elements, deductions and adjustments	0
20	<b>ADDITIONAL TIER 1 CAPITAL</b>	<b>0</b>
21	Fully paid up, directly issued capital instruments	0
22	Share premium	0

23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	0
24	Additional Tier 1: Other capital elements, deductions and adjustments	0
25	<b>TIER 2 CAPITAL</b>	<b>0</b>
26	Fully paid up, directly issued capital instruments	0
27	Share premium	0
28	(-) TOTAL DEDUCTIONS FROM TIER 2	0
29	Tier 2: Other capital elements, deductions and adjustments	0

#### 4.2. Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements

The information in the Table below shows a reconciliation with own funds as a breakdown by asset and liability classes reflecting the balance sheet in Bluewater's audited financial statements on 31<sup>st</sup> March 2022.

**Table OF2 - Own Funds: Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements**

Amount (GBP) (£000s)		a	b	c
		Balance sheet as in published/ audited financial statements As at period end	Under regulatory scope of consolidation As at period end	Cross-reference to Table OF1
<b>Assets</b>				
1	Tangible Assets	248		
2	Debtors	1,583		
3	Cash at Bank & In Hand	2,434		
	<b>Total Assets</b>	<b>4,265</b>		
<b>Liabilities</b>				
1	Creditors: Amounts Falling Due Within One Year	2,026		
	<b>Total Liabilities</b>	<b>2,026</b>		
<b>Shareholders' Equity</b>				
1	Members' Capital Classified as Equity	75		Item 4
2	Members' Other Interests	2,164		Item 6
	<b>Total Shareholders' Equity</b>	<b>2239</b>		Items 1,2& 3

#### 4.3. Main Features of Own Funds Instruments

The following Table provides information on the CET1 Instruments issued by Bluewater.

**Table OF3 - Main Features of Own Instruments issued by Bluewater**

Issuer	Blue Water Energy LLP
Public or private placement	Private
Instrument type	Ordinary Share
Amount recognised in regulatory capital (GBP) (£000s) (as of most recent reporting date)	75
Issue price (GBP whole number)	1
Redemption price	N/A
Accounting classification	Members' Capital Classified as Equity
Original date of issuance	28/06/2011
Perpetual or dated	Perpetual
Maturity date	N/A
Issuer call subject to prior supervisory approval	N/A
Optional call date, contingent call dates and redemption amount	N/A
Subsequent call dates, if applicable	N/A
Coupons/dividends	N/A

Fixed or floating dividend/coupon	N/A
Coupon rate and any related index	N/A
Existence of a dividend stopper	N/A
Convertible or non-convertible	N/A
Write-down features	N/A
Link to the terms and conditions of the instrument	N/A

## 5. Own Funds Requirement

As a Non-SNI MIFIDPRU investment firm Bluewater's own funds requirement (OFR) is the higher of the Permanent Minimum Capital Requirement (PMR), the Fixed Overhead Requirement (FOR) and the K-Factor Requirement (KFR).

### 5.1. Permanent Minimum Capital Requirement (PMR)

The PMR is the minimum level of own funds that Bluewater, as a MIFIF investment firm, must always hold based on the regulated MiFID activities it has the permission to undertake. In accordance with [MIFIDPRU 4.4.4](#), Bluewater's PMR is £75,000 as the only investment services and/or activities that Bluewater has permission to carry on are the reception and transmission of orders in relation to one or more financial instruments; and the provision of investment advice; and Bluewater is not permitted to hold client money or client assets in the course of MiFID business; and the Firm is not appointed to act as a depository.

### 5.2. Fixed Overhead Requirement (FOR)

In accordance with [MIFIDPRU 4.5](#), Bluewater's FOR is an amount equal to one quarter of its relevant expenditure in the Firm's audited annual financial statements from the preceding year. Bluewater calculates its relevant expenditure by using its total expenditure before distribution of profits; and after deducting any from its total expenditure items that are fully discretionary (for example, staff bonuses and other variable remuneration).

### 5.3. K-Factor Requirement (KFR)

The KFR seeks to capture the risks that arise from Bluewater's activities where these could pose a threat to its solvency, due to its trading activity and market participation (i.e., the Risk to Firm); pose a threat to clients, through its actions or responsibilities and the provision of its services (i.e., Risk to Clients); and pose a threat to the markets in which Bluewater operates and the counterparties that it trades with (i.e., the Risk to Markets). This involves the calculation of various 'K-factors', a set of observable and quantifiable proxies for the various risks and potential harm that could be caused. Each K-factor is based on a metric relevant to the investment firm's business (as reflected in their MiFID permissions), which is then multiplied by its respective coefficient and aggregated to calculate the K-factor requirement

In accordance with [MIFIDPRU 4.6.1](#), Bluewater's only KFR is the calculation representing client assets subject to the provision of ongoing advice (i.e., its K-AUM requirement). The K-AUM represents client assets under management and/or from the provision of ongoing advice and captures the risk of harm to clients where a firm provides discretionary portfolio management and/or ongoing (non-discretionary) investment advice.

The Table below provides the information regarding Bluewater's compliance with the requirements for its own funds requirement (OFR) as set out in [MIFIDPRU 4.3](#).

Item	Amount (GBP) (£000s)
Permanent Minimum Capital Requirement (PMR)	75
Fixed Overhead Requirement (FOR)	1,170
K-Factor Requirement (KFR)	313

## 6. Approach to Assessing the Adequacy of Own Funds

In accordance with [MIFIDPRU 7.4.7](#), Bluewater is required to disclose its approach to assessing the adequacy of its own funds in accordance with the overall financial adequacy rule (OFAR).

The OFAR requires Bluewater to, at all times, hold own funds and liquid assets that are adequate, both as to their amount and their quality, to ensure that it is able to remain financially viable throughout the economic cycle, with the ability to address any material potential harm that may result from its ongoing activities; and that Bluewater's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants. The OFAR establishes the minimum own funds and liquidity requirement levels to determine whether Bluewater, as a MIFIDPRU investment firm, has adequate financial resources.

## 7. ICARA Process

The Internal Capital Adequacy and Risk Assessment (ICARA) process serves as the means of assessing the internal systems and controls that Bluewater must operate to identify and manage risks that may result in material harms from the operation of its business (both regulated and unregulated activities), and to ensure that its operations can be wound down in an orderly manner.

The ICARA will be a continuous process through which Bluewater will assess the adequacy of its own funds and liquid requirements. The following are the key elements that will be assessed as part of the ICARA process:

- ICARA fitness assessment, remedial actions and key changes.
- Risk management framework and governance overview.
- Business model, strategy and growth plans
- Material risk and harms assessment and mitigating actions.
- Financial projections and capital and liquidity planning process.
- Internal assessment of own funds adequacy.
- Internal assessment of liquidity adequacy.
- Stress testing.
- Recovery planning.
- Wind-down planning.

The adequacy of the ICARA process will be reviewed formally at least annually or more frequently, should there be any material changes to Bluewater's risk profile, business strategy or if requested by the Bluewater's Management Committee.

## 8. Overview of Risk Management and Control Environment

The management of risk within Bluewater is formalised and set out in its business wide Risk Management Framework and includes the following components:

- Risk governance including policies and procedure.
- Risk culture and strategy.
- Management Committee defined overall risk appetite, risk statements and risk tolerances.
- Risk and control self-assessment.
- Capital and liquidity adequacy assessments.
- Stress testing.
- Monitoring, reporting and management information.
- ICARA process review document.



Bluewater assigns clear roles and responsibilities for managing its identified risks by using the three lines of defence model. The primary responsibility for risk management is assigned to the business operations.

Monitoring of risks, reporting to senior management and the Management Committee and the overall oversight of risk management to ensure effective operation of its risk management framework are subject to formalised processes and procedures.

## **9. Own Funds Adequacy and Monitoring**

Bluewater's approach to ensuring that it has appropriate own funds is its alignment with its strategy and risk appetite. All identified key material risks are individually assessed. A framework for own funds thresholds and triggers is in place, that details the levels related to own funds at which specific notifications, escalations and mitigating actions may be taken.

Bluewater performs own funds and exposure monitoring on a [T+1] basis. This includes the assessment of Bluewater's proximity to its own funds thresholds and triggers. Any breach of the set thresholds is escalated in line with the procedures.

## **10. Liquid Assets Adequacy and Monitoring**

Bluewater has an established liquidity thresholds and triggers based on its approved liquidity risk appetite in order to ensure that the regulatory basic liquid asset requirement (BLAR) is met at all times, and the liquid assets threshold requirement (which is based on the sum of BLAR and an additional liquid asset requirement determined during the ICARA process) is determined to ensure liquidity adequacy in stressed conditions and during an orderly wind-down as part of its OFAR compliance from a liquidity perspective.

Bluewater's liquidity risks are identified through ongoing liquidity management and monitoring, which contribute to the development of the Firm's liquidity risk framework, thresholds and triggers and formulating stress testing scenario design and key assumptions. The monitoring and reporting of its liquidity position is undertaken through established regular reporting against the key liquidity metrics. Any triggers or breaches would be escalated in line with the procedures.

## **11. Wind-Down Planning**

Bluewater has established a wind-down plan. This provides an overarching governance framework for the process of ceasing its operations while ensuring minimal adverse impact to clients, markets or the Firm and/or its counterparties. It provides a guide and practical steps to assist the Management Committee and senior management in making timely and effective decisions to wind down Bluewater in the event of a severe financial stress.

The Plan is reviewed and updated annually.

## **12. Remuneration**

As a Non-SNI MIFIDPRU investment firm, Bluewater's remuneration arrangements do not cover shares, instruments and alternative arrangements ([SYSC 19G.6.19](#) to [SYSC 19G.6.21](#)); retention policy ([SYSC 19G.6.22](#) to [SYSC 19G.6.23](#)); deferral ([SYSC 19G.6.24](#) to [SYSC 19G.6.29](#)); and discretionary pension benefits ([SYSC 19G.6.35\(2\)](#)) as its arrangements fall within [SYSC 19G.1.1.\(2\)](#).

Bluewater's has established its remuneration policies and practices on the basis of proportionality to the nature, scale and complexity of the risks inherent in its business model and activities; and its remuneration arrangements reflect a number of factors, including but not limited to the number of staff

it employs, the different types of roles, the private equity advisory activities it carries out, and that Bluewater is not part of a group with a group-wide remuneration policy.

Bluewater's Governing Body, the Management Committee, in its supervisory function adopts and periodically reviews the remuneration policy and has overall responsibility for overseeing its implementation. At least annually, Bluewater will review whether the implementation of its remuneration policies and practices complies with the remuneration policy and practices adopted by the Management Committee in its supervisory function. The remuneration arrangements for all of Bluewater's staff<sup>1</sup> is implemented by the Remuneration Committee (the details of which are set out in s.3.1. above). Its policies and practices are gender neutral, comply with the UK legislation<sup>2</sup> and prohibit discrimination on the basis of an individual's protected characteristics both before and after employment is offered. Bluewater's remuneration policies and practices are consistent with, and promote sound and effective, risk management.

These arrangements help support Bluewater in achieving its strategic objectives (including environmental, social and governance risk factors), being designed to manage risks and conflicts of interest, as well as supporting the attraction, motivation, retention and reward of members and employees who make strong contributions to Bluewater's culture and values (including but not limited to conduct and integrity), risk management and long-term strategic and business objectives.

Bluewater's arrangements also work to actively disincentivise staff from adopting inappropriate risk practices and displaying poor conduct and behaviours.

The alignment of the Firm's remuneration arrangements to risk policies and behavioural framework standards sets clear expectations on risk appetite adherence, the conduct standards expected from staff members, with breaches being reviewed as part of Bluewater's ongoing risk assessment process. This ensures that remuneration is linked to the overall success of the business and not just based on individual performance and any awards actively factor both crystallised and emerging risk events, as well as any inappropriate individual conduct and behavioural issues. In this way, both the overall amount available for remuneration, as well as individual award outcomes, are adjusted in accordance with the ongoing risk assessment process. The Remuneration Committee directly oversee the implementation of these risk adjustments.

Bluewater's remuneration arrangements also enables it to measure and deliver its regulatory and governance obligations by defining the structures and practices that are appropriately and proportionately aligned to its regulatory remuneration code. The remuneration arrangements seek to ensure all job applicants and employees are treated fairly and on merit, regardless of their race, gender, marital status, age, disability, religious belief, gender identity or sexual orientation.

The Firm's arrangements make a clear distinction between the components of remuneration that are fixed and those that are variable. The Remuneration Committee has overseen the setting of a maximum ratio between fixed and variable remuneration appropriate to the size of Bluewater and the nature of its risks and activities. The setting of this ratio aims to support positive conduct and behaviours by ensuring fixed pay levels are set at an appropriately high level relative to the role, and employees and members are not inappropriately incentivised to achieve variable pay outcomes that may not be in the best long-term interests of Bluewater and its clients. All employees receive a market-benchmarked base salary and an employer's pension contribution, with other components of fixed pay being role-dependent, including healthcare, dentalcare and life insurance.

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<sup>1</sup> The term 'staff' includes all employees, partners, members and Material Risk Takers (MRTs) of Bluewater.

<sup>2</sup> Equality Act 2010.

Bluewater considers that fixed remuneration must primarily reflect a staff member's professional experience and organisational responsibility as set out in the staff member's job description and terms of employment; and should be permanent, pre-determined, non-discretionary, non-revocable and not dependent on performance.

The Firm also considers that variable remuneration must be based on performance and reflect the long-term performance of the staff member as well as performance in excess of the staff member's job description, terms of employment, financial as well as non-financial criteria, the area of Bluewater business concerned and the overall results of Bluewater. Non-financial criteria forms a significant part of the performance assessment process; overrides financial criteria (where appropriate); includes conduct and behaviour metrics (which make up a substantial portion of the non-financial criteria); and includes how far the individual adheres to effective risk management and complies with relevant regulatory requirements and Bluewater's compliance arrangements. Variable remuneration also includes carried interest.

As a Limited Liability Partnership (LLP), a Partner may receive an amount fixed at the beginning of the year and subject only to the firm making a profit. These are known as 'fixed profit shares'. A Partner may take drawings on it throughout the year, often monthly. If profits at year-end are insufficient, drawings may have to be paid back. Bluewater considers that drawings on fixed profit shares are part of its fixed remuneration arrangements. Further, a Partner may receive a discretionary share of the profit at the end of the year. These may be distributed to all Partners and are dependent on the performance of the individual or their business unit. Such awards are at the discretion of the Remuneration Committee and treated as variable remuneration.

All variable remuneration is made on a discretionary basis, with no employee or member having a guarantee to receive variable pay.

#### **12.1. Link between fixed and variable remuneration**

In the financial year to 31<sup>st</sup> March 2022, remuneration for Bluewater staff comprised base salary, performance-based incentives, pension, and non-monetary, insured benefits.

Base salaries are set with reference to both external market data and with consideration to providing an appropriate balance of fixed and variable pay that supports behavioural risk mitigation and management objectives with the remuneration policy.

Variable incentive awards for staff are determined on the basis of performance appraisals. Central to the assessment of performance is the use of a balance of qualitative and quantitative factors with the key influences over pay being the individual's performance, contribution and behaviours – particularly with regard to their alignment to the Bluewater's principles, conduct and risk management. Conflicts of interest are avoided for staff within risk and control functions by the omission of financial performance criteria.

Bluewater's Remuneration Committee ensures that the fixed and variable components of the total remuneration are appropriately balanced; and that the fixed component represents a sufficiently high proportion of the total remuneration to enable the operation of a fully flexible policy on variable remuneration, including the possibility of paying no variable remuneration component.

Bluewater has set an appropriate ratio between the variable component and the fixed component of the total remuneration in its remuneration policies, which has been set after considering relevant factors,

including Bluewater’s business activities and the associated prudential and conduct risks; and the role of the individual in the Firm and, in the case of Material Risk Takers (MRTs), the impact that different categories of staff have on the risk profile of Bluewater or of the assets it advises on. In certain circumstances, Bluewater may award some staff only fixed remuneration. There are no circumstances where Bluewater would award only variable remuneration to staff.

### 12.2. Identifying Material Risk Takers (MRTs)

MRTs are Bluewater staff members whose professional activities have a material impact on the risk profile of the Firm or of the assets that the Firm advises on. Bluewater assesses at least annually which of its staff members are MRTs. The following MRT identification criteria for the reference period 31<sup>st</sup> March 2022 were:

- All staff holding Senior Management Functions (SMF).
- All Management Committee members (members of ‘senior management’).
- Heads of Finance, Compliance and the MLRO.
- All Investment Committee and Risk and Compliance Committee members.

Bluewater includes in its remuneration arrangements the possibility of applying in-year adjustments and clawback to the variable remuneration of its MRTs. Where performance adjustment is required, the appropriate tool or tools (in-year adjustments or clawback) are then applied. The Firm has set specific criteria for the application of clawback, which covers situations where the MRT participated in or was responsible for conduct which resulted in significant losses to Bluewater; and/or failed to meet appropriate standards of fitness and propriety. The minimum clawback period is 3 years, which allows sufficient time for any potential risks to crystallise.

In setting this clawback period, Bluewater has considered all relevant factors, including the nature of the MRTs activities; the MRTs impact on the risk profile of the business or of the assets it advises on; and the length of the business cycle that is relevant for the MRTs role. Bluewater has implemented the process that clawback will be applied in cases of fraud or other conduct or behaviour with intent or severe negligence which has led to significant losses. Bluewater may award guaranteed variable remuneration only rarely and not as common practice. Bluewater does not award, pay or provide guaranteed variable remuneration to a MRT unless it occurs in the context of hiring a new MRT; it is limited to the first year of service; and Bluewater has a strong capital base.

### 12.3. Remuneration by Fixed and Variable Component

An analysis of the fixed and variable elements of remuneration paid to all staff as of the reference period date, 31<sup>st</sup> March 2022 is shown in the table below. For these purposes, “staff” is defined broadly, and includes employees of the Firm itself and members, The value of the fixed and variable components of pay awarded to Senior Management is shown as well. The total number of MRTs identified by Bluewater for the reference period 31<sup>st</sup> March 2022 was five. Bluewater has not disclosed information on the remuneration of its other MRTs in the Table below as it has relied on the exemption in [MIFIDPRU 8.6.8.\(7\)](#) to prevent the individual identification of these MRTs.

	Fixed Remuneration	Variable Remuneration	Total Remuneration
All Staff	7,657	2,101	9,759
Senior Management	4,255	0	4,255
Other Staff	3,403	2,101	5,504