

Environmental, Social and Governance Report 2023





89% of portfolio companies have set ESG objectives and are reporting on these quarterly

17/19

portfolio companies¹
onboarded on to
ESG data reporting &
benchmarking platform

100%

of portfolio companies have a Health, Safety & Well-Being policy in place 100%

of portfolio companies that reported have a Diversity & Inclusion policy or procedure in place

nominated ESG directors across our portfolio

+43%

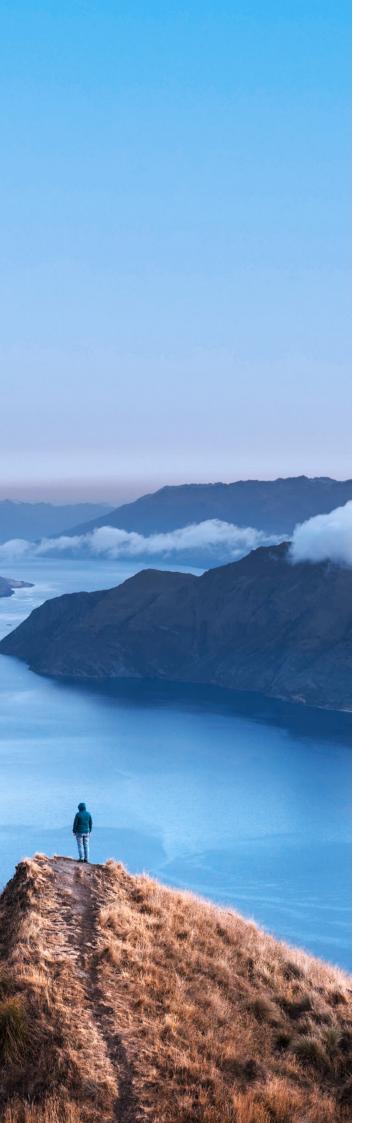
increase in the average rating between initial and second reporting period

19,000

extending the reach and impact of ESG initiatives to 19,000 employees across more than 30 countries

66

"Our focused ESG strategy reaches into all areas of our operations"



■Bluewater

Responsible investing

Bluewater is a specialist private equity firm with a focus on creating sustainable growth. We apply extensive knowledge and experience in the middle-market energy sector as we continue to build on a global track record of investing and creating value for our investors. Based in London, we have \$2.5bn under management in 19 portfolio companies across two funds.

We have developed a focused ESG strategy that reaches into all areas of our operations: both within our business and across our portfolio companies. The strategy is underpinned by a long-term roadmap that tracks how – through a variety of projects and initiatives – we can meet our ESG objectives.

In 2020 Bluewater became a signatory to the UN Principles for Responsible Investment.

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Global Private Equity for the Energy Transition



The Bluewater ESG Report 2023



Graeme SwordFounding Partner and Chairman of the Bluewater ESG Committee

I am pleased to be introducing our third annual ESG Report, in which we demonstrate that it is not a theoretical exercise: real progress is being achieved in implementing our ESG plans as we move from a target-setting phase to driving measurable actions.

The residual economic impact of the Covid-19 pandemic, conflict in Ukraine and prevailing inflation rates are all contributing to an ongoing sense of business uncertainty. But as we address the associated challenges, we remain convinced we will continue to create value by building financially successful companies supported by strong ESG values and performance.

We acknowledge that questions remain about where – and how – ESG fits alongside other investment criteria. We are, however, consistent in our view that ESG is not a substitute for strong investment returns; rather, strong ESG performance can further enhance returns.

We take a hands-on approach to stewardship, playing an active role in driving ESG improvements at portfolio company level. And, as this report details, we are underpinning that approach by enhancing the level and depth of ESG data that we routinely collect and review.

has focused a great deal on measuring its environmental impact, but as a global industry we must not neglect our social and governance obligations. It is satisfying to note that our portfolio of companies is delivering strongly across all three areas – as this report demonstrates – but we will never take those performance levels for granted and will continue to support the pursuit of further improvements.

In doing so, we believe we will enjoy a significant business advantage: in a dynamic investment arena, where competition for capital remains fierce, strong ESG performance is increasingly seen as a positive differentiator. We are encouraged by evidence that investor sentiment aligns with this view and endorses the work we are doing across our portfolio.

Whilst not registered as an Article 8 fund as defined by the Sustainable Financial Disclosure Regulation (SFDR), all our work in the ESG arena is helping us to operate in broad alignment with the principles of this regulation. An Article 8 fund is defined in essence as a fund which promotes environmental and social characteristics in companies with good governance practices.

Since becoming a signatory to the UN Principles for Responsible Investment in 2020 we have utilised the framework to measure our progress and evidence our commitment to those principles. In addition, our targets remain aligned with a subset of the UN Sustainable Development Goals, which act as a reference point for our investment and governance activities.

These are, indeed, times of great change and uncertainty in our industry. However, we are well positioned to pursue new opportunities and create more value with an ESG strategy which is not only aligned with our investment strategy but is central to its successful implementation.



"Real progress is being achieved in implementing our ESG plans as we move from a target-setting phase to driving measurable actions."

It is important to connect these principles to the global context. The world needs a balanced energy system, based on multiple sources, and our ESG approach is applicable to all types of companies that 'touch' the modern-day energy industry.

We also need to remain diligent to ensure that all three elements of ESG are given the profile, attention and resources they merit. The energy sector

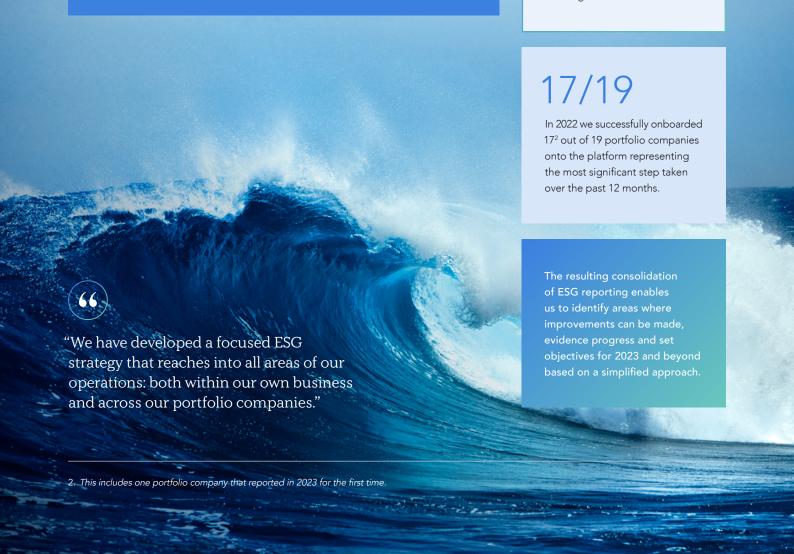
Achieving practical progress, pursuing priorities

We recognise that data collection is fundamental to making significant progress and improvement across E, S & G.

To that end Bluewater has partnered with a third-party ESG data reporting & benchmarking service provider whose platform is designed to deliver insights to private companies and their investors.

The platform delivers:

- collation of consistent data across portfolio companies
- independent verification of data
- an ability to benchmark portfolio companies' performance against other companies and organisations in the same sector
- alignment with multiple global standards and regulations.



ESG DATA COLLECTION HIGHLIGHTS



17 out of 19 companies now reporting on ESG platform



Of the 17 that reported, 14 portfolio companies increased their 2023 rating, 2 portfolio companies' ratings remained the same, 1 portfolio company reported for the first time



10 out of 17 were on or above their sector benchmark



The average rating between the initial and second reporting period increased by 43% 2022 represented a significant year for Bluewater in terms of data collection, 17 out of 19 of our portfolio companies have now been onboarded and are reporting on our ESG reporting & benchmarking platform.

The questionnaire completed by our portfolio companies contains 300 data points and allows us to gain valuable insight across E, S & G. It is also aligned to multiple standards and frameworks.

The survey is a mixture of qualitative and quantitative metrics, verified independently by our service provider's ESG analysts. Through the data we can see how our portfolio companies are managing critical ESG issues, as well as identify trends and areas for improvement.

The onboarding and first round of reporting took place in summer 2022 with the second round in Jan 2023. Since implementation we've seen a marked improvement in the quality of answers as our portfolio companies have familiarised themselves with the different ESG themes within the questionnaire. We have also seen an increase in the data collection and number of metrics that are now being measured, tracked and monitored.

The ESG questionnaire consolidates 18 global standards and frameworks including:

- UN Principles of Responsible Investment (UNPRI)
- Institutional Limited Partners Association (ILPA)
- ESG Data Convergence Initiative (EDCI)
- Task Force on Climate-related Financial Disclosures (TCFD)
- Sustainability Accounting Standards Board (SASB)
- Sustainable Finance Disclosure Regulation (SFDR)
- United Nations Global Compact (UNGC)

"Portfolio companies have a clear, measurable framework to work with and we expect to continue to see year on year improvements." The following data relates to 2022, the number of portfolio companies that reported was 17.

ENVIRONMENTAL HIGHLIGHTS

There has been a significant increase in the number of companies that are now measuring and reporting their Scope 1 & 2^3 GHG⁴ emissions. The expectation is for all portfolio companies to have completed this by the end of 2023.

Environmental Footprint

Measure Scope 1 GHG emissions:



59% of portfolio companies have measured their Scope 1 GHG emissions

Measure Scope 2 GHG emissions:



53% of portfolio companies have measured their Scope 2 GHG emissions

Climate Change Strategy



53% of portfolio companies utilise metrics and/or set targets related to climate change



65% of portfolio companies have identified climate change risks

SOCIAL HIGHLIGHTS

Health, Safety & Well-Being

100%

of portfolio companies have a Health, Safety & Well-Being policy in place 100% of portfolio companies report on two or more key Health, Safety & Well-Being indicators

Diversity

100%

of portfolio companies have a Diversity & Inclusion policy or procedure in place

59% of portfolio companies have put a diversity initiative in place in the last two years **82%** of portfolio companies measure and monitor workforce gender diversity

Employee Engagement



82% of portfolio companies undertake employee engagement surveys 86% of the portfolio companies that undertake employee engagement surveys have put follow-up programs or initiatives in place based on the results of the surveys

Employee Turnover



90% of portfolio companies with improved turnover rates perform employee engagement surveys and follow-up initiatives based on the survey results

Human & Labour Rights



47% of portfolio companies have a formal human rights due diligence process in place

Philanthropy & Community



88% of portfolio companies undertake philanthropic or community engagement initiatives

^{3.} Scope 1 – direct emissions from owned or controlled sources; Scope 2 – indirect emissions which include those caused by generation of energy purchased by a company.

^{4.} Greenhouse gas emissions.

GOVERNANCE HIGHLIGHTS

Corporate Governance

100%

of portfolio companies have an ESG nominated Director

Business Model & Strategy



76% of portfolio companies have a formal sustainability strategy in place



89% of portfolio companies have set annual ESG objectives and are reporting on these to the Board quarterly

Cybersecurity

Given the increasing proliferation and sophistication of cyber threats and the associated impact on the operating and financial performance of the portfolio companies, we are undertaking an assessment of the cybersecurity position of our portfolio companies this year, and will work with them to ensure they are meeting industry recognised cybersecurity standards.



79% of portfolio companies have completed a Cybersecurity Risk Assessment



94% of portfolio companies require their employees to undertake formal cybersecurity training



87% of portfolio companies have undertaken workforce data-handling best practices training



87% of portfolio companies are using Multi-Factor Authentication (MFA)





A transformational year for ESG at Bluewater and within the portfolio

Bluewater's ESG Associate Rosie Micklewright addresses a few key questions about our progress, challenges, emissions-measuring and Bluewater's role in promoting diversity and inclusion.



Where have you made the most progress and what were the biggest challenges in 2022?

We've seen a huge increase in portfolio engagement over the last year and that feels like a big achievement. Systemising how we collect data, and onboarding our portfolio companies onto the ESG data-reporting & benchmarking platform was a challenge. It was a stepchange for us and the portfolio companies, but it was made easier with the buy-in and commitment we saw at all levels.

The process was long and involved a great deal of collaboration and hard work from the portfolio companies, but the result is that they now have a framework aligned with multiple global standards and frameworks to work with, and are taking ownership of tracking and measuring their ESG progress.

How is Bluewater dealing with diversity & inclusion?

We recognise the importance of a diverse workforce and how the unique skills and perspectives that people bring into our team are fundamental to our success. One key area of focus for us in that regard is our recruitment process, which we continuously review and evaluate so that we can understand any barriers that people face when they apply for a role with us. We aim to recruit from a diverse pool of candidates but are conscious that some may be deterred from applying for a job if they don't meet every requirement. To that end we have recently made it clear in every job specification that if someone is interested in the job, they should apply even if they don't meet every criteria as they might just be the candidate we are looking for.

We also take part in annual inclusive behaviour workshops which include raising awareness of biases in recruitment to ensure staff are aware of these when involved in the recruitment process.

Has measuring Scope 1 & 2 emissions been successful?

It has, in more ways than one. We've measured our Scope 1,2&3 emissions at Bluewater for the last two years and offset them with high quality carbon credits in projects that can tackle climate change, protect biodiversity and support local communities. Our challenge now is to identify where reductions can be made and evidence this.

Meanwhile, nine more portfolio companies have measured their Scope 1 & 2 emissions when compared to the previous year. It's a work in progress – the companies are all different in nature, and face their own distinct challenges on this front. Nevertheless, our aim is that all companies will be measuring by the end of 2023, after which we will review the requirements for measuring Scope 3 emissions.

Our priority areas for 2023

The data collection over the last year has created a momentum that we are capitalising on. In consultation with the ESG and Investment committees, we have established a number of priority areas and targets for 2023 for our own business and that of our portfolio companies. These are outlined below:

ENVIRONMENTAL

GHG Emissions

We recognise that climate change is one of the most pressing issues we face today and environmental disclosure is becoming increasingly important.

At Bluewater, we will continue to measure and offset our carbon footprint. However we acknowledge that travel is our biggest source of emissions, and we will be conducting a travel audit in 2023 to understand where reductions can be made and set targets in order to reduce our travel-related emissions.

For our portfolio companies, the goal is to have each measuring its Scope 1 & 2 emissions by the end of 2023.

SOCIAL

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Health, Safety & Well-Being

The welfare of our staff and that of our portfolio companies is of the utmost importance to us; our people are our biggest asset. At Bluewater, health checks are being rolled out to all employees in 2023 as part of this focus, and we marked Mental Health Awareness Week with a number of initiatives.

For our portfolio companies, workplace safety is high on the agenda at every board meeting, with the focus on improving performance through a number of steps, including continuing to measure and reduce lost-time injury frequency rates.

Human & Labour Rights

Respecting and protecting human rights are integral elements of any responsible business. We will continue working proactively to identify, mitigate and prevent any negative human rights impacts and outcomes that may stem from our operations. We will do so by performing due diligence on our key suppliers, and working with portfolio companies to ensure they take the same approach.

Diversity & Inclusion

Ensuring a diverse workforce will remain a priority for us, reflected through our recruitment practices and education. Many of our portfolio companies are already engaged in this area and we will continue working with them to ensure they set Diversity & Inclusion objectives.

Philanthropy & Community

Bluewater remains closely engaged with its charity partners – we have supported a total of 14 charitable organisations for a duration of at least two years since 2014 and 25 charities through sponsorships and employee matching. We are currently partnered with five charities on a long-term basis and our aim this year is to form partnerships with two more. We recognise the benefits these relationships bring, both for the charities we support and the members of our team who participate in our charitable-related activities.

A significant number of our portfolio companies similarly work with charities and local communities, a principle which we always encourage. Some examples of these connections are summarised on pages 21-22.

GOVERNANCE

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Cybersecurity

With cyberattacks on businesses of all kinds becoming more frequent, targeted and complex, cybersecurity is a key focus area for us.

We are undertaking an assessment of the cybersecurity position of our portfolio companies and will work with them this year to ensure they are meeting industry-recognised cybersecurity standards.

Within Bluewater, we are engaging with third parties to achieve Cyber Essentials Plus status.

Anti-Bribery & Corruption

We provide relevant training for all staff annually, and will continue to do so in 2023 and beyond. We have the same expectation of our portfolio companies.



"We recognise that climate change is one of the most pressing issues we face today and environmental disclosure is becoming increasingly important."



Carbon neutral: protecting nature, supporting communities

We offset our 2022 emissions through a technology company that uses the latest advancements in satellite imagery, remote sensing and machine learning to measure and monitor the carbon stored in our forests⁵.

Beyond the standard processes for verifying carbon credits – such as Verra or Gold Standard certification – enhanced due diligence is implemented throughout the project selection, evaluation and monitoring process. Remote assessments are performed to enable more precise, real-time measurements, bringing integrity to forest carbon credits⁵. When assessing carbon offset projects we always want to ensure that in addition to addressing emissions, they offer 'beyond carbon' benefits, with a focus on the livelihoods of local communities, and the projects that we chose this year reflect that.

We recognise there is more that we can do and that it is not enough to continue to offset without making reductions, so in 2023 will be conducting a travel audit to understand where reductions can be made – see note on page 12.

250 tCO2e

Bluewater's 2021/2022 calculated Scope 1, 2 & 3⁶ emissions, as defined by GHG Protocol⁷, totalled 250 tCO2e.



a difference of under 1/2 tCO2e compared to 2020/20218

- 5. Pachama: https://pachama.com
- Scope 3 all other emissions that occur due to a company's activity but from sources that are not owned or controlled by the business.
- GHG Protocol establishes comprehensive global standardised frameworks to measure and manage greenhouse gas (GHG) emissions from private and public sector operations, value chains and mitigation actions.
- 8. The net reduction in tCO2e was due to switching to a green energy tariff.

KEY STATS



Natural climate solutions could account for up to 30% of total climate change mitigation efforts needed by 2030, according to Conservation International?



Nearly 25% of the world's population rely upon forests for their livelihoods¹⁰



The United Nations estimates that forests are home to 80% of all terrestrial biodiversity¹¹



Up to 70% more CO2 is sequestered by primary forests than degraded forests¹⁰

- 9. Conservation International: www.conservation.org
- 10. The International Union for Conservation: https://www.iucn.org
- 11. UN Sustainable Development Goals: https://www.un.org

PROJECT FOCUS¹²: BORNEO PEATLANDS VERRA CERTIFICATION

Verra certification¹³: REDD¹⁴ Size of area: 149,800 ha

> safeguards one of the largest intact peat swamp forests in Indonesia – at risk of conversion to industrial timber plantations and of illegal deforestation

seeks to collaborate with local communities to protect and restore the ecosystem through education, alternative livelihood financing and robust monitoring

partners with 34 villages in the surrounding area to support traditional livelihoods including farming, fishing and non-timber forest product harvesting

This project is aligned with the following UN Sustainable Development goals:











"These projects align with our commitment to help protect vital carbon sinks while supporting the livelihoods of local communities."

PROJECT FOCUS¹²: CENTRAL KALIMANTAN PEATLANDS VERRA CERTIFICATION

Verra certification¹³: REDD+¹⁴ Size of area: 47.237 ha

protects the natural carbon sinks of the peatlands, which would otherwise have been drained and logged. They can store 20 times more carbon than typical forests

aims to use carbon credit revenues for area protection, local community development, and infrastructure to build a viable alternative to forest conversion

has achieved highest possible formal rating of contributing to all 17 UN Sustainable Development Goals (UN SDGs)

This project aligns with 17 UN Sustainable Development Goals, with a focus on the following goals in particular:













† Peatland and river in Sebangau National Park, Central Kalimantan

- 12. Project information has been supplied by Pachama: https://pachama.com
- 13. Verra is a non-profit that sets the world's leading standards for climate action and sustainable development.
- 4. REDD: Reducing Emissions from Deforestation and forest Degradation, formal UN initiative.
 REDD+ refers to the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries.

Bringing our strategies together

ESG and investment: A timeline of alignment

2017

Fund II closes with a revised strategy, signalling a shift away from traditional energy services to a broader energy portfolio that begins to embrace the transition to lower carbon fuels and higher sustainability.

Our ESG journey commences as we develop and publish our first ESG roadmap at Bluewater and portfolio company level. We set about developing a roadmap that is appropriate and impactful for Bluewater and the existing and future portfolio.

2018

12 investments have been made in Fund I and our first capital in Fund II is deployed.

Work commences to progress our ESG roadmap including development of an ESG policy.

An ESG working group is established consisting of members from the investment team, IR & marketing, and finance teams.

2019

The energy market is changing fundamentally; the world demands greener fuels and greater carbon reduction.

A formal ESG Committee is established.

ESG due diligence is integrated into the Investment Committee process.

Work commences on defining a set of meaningful ESG metrics for our portfolio companies to report on.

2020

Meaningful steps are taken to pre-empt the energy transition and we start to challenge each business to consider opportunities for growth in cleaner sources of revenue and adapt to the evolving market.

We continue to advance the ESG agenda, working to deliver on our roadmap objectives.

Roll-out commences of our inaugural ESG survey to our portfolio companies.

We underpin our commitment to key elements of ESG by becoming a signatory to the UN Principles for Responsible Investment (PRI).

ESG becomes firmly established as one of the foundational principles in our strategy to create better companies.

2021

Fund I executes a NAV facility with a variable margin linked to ESG metrics, one of Europe's first.

Our portfolio companies start reporting on metrics across all three areas of ESG.

We have a company-wide ESG & Energy Transition Training Day.

Each Bluewater portfolio company nominates an ESG director at board level.

We complete the journey as set out in our first roadmap and publish our first ESG Report.

2022

The process of repositioning portfolio companies to strengthen their contribution to the energy transition continues.

We remove hydrocarbon exploration and production from our future investment strategy.

We refresh our investment strategy, basing it on four pillars:

- Efficiency
- Decarbonisation
- Digitalisation
- Energy Security

Portfolio companies are onboarded to an ESG data reporting & benchmarking platform aligned to multiple global ESG frameworks, enabling us to track progress and identify where improvements can be made.

All our work in the ESG arena assists us with operating in broad alignment with the principles of Article 8*, defined as a fund which promotes environmental and social characteristics in companies with good governance practices.

*Whilst not registered as Article 8, as defined by the Sustainable Financial Disclosure Regulation (SFDR), all our work in the ESG arena is helping us to operate in broad alignment with the principles of Article 8.

2023

Portfolio companies are now reporting quarterly at board level on performance against ESG metrics, alongside financial results.



"We differentiate ourselves with demonstrable evidence of achievement."



rortfolio focus: Kent



Emma Scott
Vice President of Sustainability



Where are you with ESG at present?

When I joined Kent last year there was a lot of good stuff going on around the business, but there was no strategic direction, with regards to ESG and no mechanism for assessing the impacts of those activities. We began by undertaking a materiality assessment to ensure we're focusing on the right areas.

We've developed a sustainability strategy along with supporting commitments, we've written roadmaps that set out the actions and timescales required to deliver on those commitments, and we've established measuring and monitoring tools so we can update everybody on progress.

Where have you made most progress?

The launch of our sustainability strategy is the initiative I'm most proud of to date. It's in-depth and ambitious, and I'm really proud of the fact that Kent is being bold and going for it.

Where have the challenges been?

Taking everybody on the journey with you. We have an internal stakeholder base that's very varied in their knowledge of ESG and their own personal interests around it. Bringing everyone to the same place can't happen overnight – you need to establish education and awareness programmes, and get people to feel like they're involved in the journey.



↑ Kent Engineer on site in Kazakhstan

How important is it for your customers that you have a strong ESG focus?

Over recent years there's been a real shift across industry and society as a whole, and there's a growing realisation that ESG is not a 'nice to have' anymore. It's an absolute fundamental of being able to create a successful business in the long term.

Where do you think Kent can have the most impact?

We're perfectly placed to have a huge impact on emissions reduction through the projects we deliver for our clients. Not just in our focused quest for renewables but in how we decarbonise the process to source oil and gas for the world's energy needs right now, too.

We're also looking at the impact of our own operations and the commitments we've made around net zero. We've aligned with the Science Based Targets Initiative (SBTi), Net-Zero Standard, and as part of our strategy we've set near-term carbon reduction targets. From a 2022 baseline we've set a 30% reduction target by 2027, which is in-line with SBTi's 1.5 degree trajectory. We've developed a detailed roadmap that underpins that target.

One of our biggest sources of emissions is generators on sites in more remote locations. We're exploring that issue right now, and looking at partners who can help us in delivering alternative energy solutions in the field.

The 2022 initiatives you're most proud of?

Putting in place our Sustainable Council – a team of really passionate people from across our operations who are going above and beyond. They are making it real, and starting to actually operationalise sustainability within the business.

We've also developed an Inclusion and Belonging policy and strategy at a global level, and aim to be doing likewise regionally this year. We've implemented a Change Makers programme, with volunteers driving strategy delivery throughout the business.

And your goals for 2023?

A couple of big-ticket items that are going to be a 'first' for us: publishing our first Sustainability Report, and disclosing to CDP (originally known as the Carbon Disclosure Project).

It'll be great to get something out there so people can see the good work that's going on around the business. It's also exciting to be reaching the delivery phase – starting to see some our plans come to life.



"We're perfectly placed to have a huge impact on emissions reduction through the projects we deliver for our clients."

portfolio focus: Severn



Eleanor Sherry Head of ESG



Where are you with ESG at present?

It's a high priority for Severn Group – our Chief People Officer leads on the issue for the company. There were already pockets of good activity when I joined in 2022, and my role was established to drive the ESG forward with greater strategic direction and clear priorities, targets and actions.

Where have you made most progress?

We want everyone in our workforce to be champions of ESG and we know that education and awareness are key to achieving that. All our employees now undergo ESG training, which we've had great feedback on, and we'll continue to evolve the training offering.

We have great community activity across the company, with employees supporting local schools and colleges with careers days and engineering initiatives. We know that, to have a diverse future talent pipeline, we need to engage the local community at a young age and promote industry careers.

There's also been clear progress from an environmental perspective, with Severn investing significantly in R&D to address fugitive emissions in control valves and their application requirements. We've reduced control valve emission leaks to a minimum across our whole product range, without impacting on product performance and reliability.

Where have the challenges been?

We needed to establish clearer governance around ESG, which meant writing key policies and working to embed them across the group. Alongside the Executive Team, we needed to form a group who could not only input into the governance piece but could hold the company to account. We now have a fantastic ESG Committee made up of passionate people who have volunteered their time and work together to meet our targets.



"We want everyone in our workforce to be champions of ESG."

How important is it for your customers that you have a strong ESG focus?

It's becoming increasingly common for our customers to want to see clear evidence of our ESG performance – one of the reasons we are given an ESG rating on an annual basis. We need to be able to deliver measurable improvements in ESG performance and engagement to meet our customers' needs. Ultimately, we want to provide the best possible service and make our customers happy, and in the current environment that means having a strong focus on ESG.

Where do you think Severn can have the most impact?

At our first ESG Committee meeting we identified the most material topics for Severn, and have used these to help us set clear priorities. Our priorities are: reduce our environmental impact and carbon footprint, build a culture where everyone connected to Severn feels an equal sense of belonging, ensure a safe working environment, foster ethical behaviours, promote the importance of ESG in our supply chain, and engage our workforce to champion ESG.

And your goals for 2023?

We're launching an Equality, Diversity & Inclusion Policy and Action Plan. We operate in many parts of the world, and we strive to understand and value our different backgrounds, perspectives and experiences. We believe that by leveraging these differences we encourage innovation.

We're also developing a Mental Health & Well-Being Policy to ensure we've a culture that supports mental and physical health and prevents discrimination.

From an environmental perspective, we're working to improve our data collection so we can better report on our emissions and more accurately work towards a net-zero target.



† Engineers on site at Severn



PORTFOLIO COMPANIES: ESG AT WORK

Galileo methane capture: reducing environmental footprint

Solutions delivered by Galileo Technologies have supported the production of renewable natural gas for the first time in Puerto Rico. Galileo provided a specialist plant to facilitate the use of biogas from the largest sanitary landfill in Puerto Rico to generate a sustainable alternative energy option. The project is supplying renewable liquified natural gas (RLNG) to industrial clients such as Hewlett Packard, IPR AstraZeneca and Banco Popular for electricity generation.

The plant, developed for client Biomass Green Fuels (BGF), is processing around 3,000 standard cubic feet per minute of landfill gas to produce 20,000 gallons of RLNG per day. This is being distributed to displace the expensive consumption of imported liquefied natural gas – and in this context is removing 27,090 tons of carbon dioxide (CO2) per year from the atmosphere.

During the treatment stage, the plant is removing most of the CO2, volatile organic compounds (VOCs) and hydrogen sulphide from the landfill gas – and an additional facility removes residual CO2 and moisture as it completes the liquefaction process.

"We are proud of this project because we will not only contribute to reducing pollution and greenhouse gas emissions in Puerto Rico and the Caribbean but also generate our own natural gas, 100% made in Puerto Rico."

Olmar Lopez Vidal, CEO, BGF

"The possibility of helping Puerto
Rico to produce its own biomethane
or renewable natural gas was what
attracted us to this project from
the beginning. We have worked very
closely with BGF to support this
project, understanding that an island
environment has its own project
challenges – from our engineering
team that had to consider island
design criteria to our commissioning
team that planned and executed the
equipment start-up swiftly and safely."
Ron Foster, President, Galileo Technologies

The treatment and liquefaction plant contributes to reducing the environmental footprint of the El Coquí Landfill by capturing CO2 and methane simultaneously.

The methane contained in landfill gas is a potent greenhouse gas, up to 36 times more impactful than CO2 at trapping heat in the atmosphere for up to 100 years, and it is common for methane to be released into the environment from landfills.

At El Coquí, the annual capture and use of 10,220 metric tons of methane for the production of energy is equivalent to eliminating greenhouse gas emissions from 8,000 cars.



† Two of Galileo's Cryoboxes in operation at a sanitary landfill in Puerto Rico.

↑ Olmar Lopez Vidal, CEO, BGF



Planted a total of 1,279 trees in 2022, and has plans to double that number in 2023.

Tracks emissions-related KPIs across energy use, water use and travel on a monthly basis.



Engages with local schools and universities to deliver apprenticeship courses and promote industry career opportunities.

IMServ

Operates a pro-bono policy in which staff can take a day of paid leave to volunteer at its nominated charity, Willen Hospice, or a good cause of their choice.

Completed an electric vehicle trial to develop a plan to supplement/replace its existing field fleet and reduce company emissions.

CRC EVANS

Took on a female Foundation Engineering Apprentice for a placement, promoting the business to females and challenging the perception of welding/coating as a maledominated industry.

Brought nine welding apprentices on board, accelerating their skills development by dividing their time between the workplace and college. Further apprenticeships are planned.

Achieved zero waste to landfill from its facility in Kintore, Scotland, in 2022. All materials were either recycled or recovered to produce energy. The initiative will be replicated globally as far as possible.



Signed up and aligned the company's commitment to the UN Global Compact, the world's largest corporate sustainability initiative.

Launched a sustainability strategy and a global Inclusion and Belonging strategy.



Offsets its carbon emissions with local actions – planting approximately 1,000 trees in Argentina, for example.

Implemented new waste management measures which focus on environmentally acceptable waste disposal, preventing uncontrolled waste discharge, staff awareness and training, and using sustainable means wherever feasible.

Powering geothermal agenda

Excellence Logging is growing its involvement in multiple geothermal projects across Europe and Asia. Its data logging technology and other technical solutions are being used to support project development work, capitalising on the experience and expertise that the company has gained in past operations in complex settings.

Supporting hydrogen exploration

Excellence Logging has consolidated its status at the forefront of the energy transition by providing optimised surface data logging services for natural hydrogen exploration projects.

An increasing number of regions – Europe, Australia, the US and Brazil, for example – have been targeted for exploration. In Mali, the first country to have explored for hydrogen and now in production, Excellence Logging has been chosen by one customer to perform advanced gas monitoring in the drilling of natural hydrogen wells.



↑ Excellence Logging R&D laboratory.



Implemented two major carbon footprint initiatives, investing in new generators which have reduced Scope 1 emissions at the UAE terminal and switching to a green energy supplier which has reduced Scope 2 emissions to zero at the Amsterdam terminal.

Showcased women in leadership roles when Martine De Beer, New Projects and Commercial Manager EMEA, was in the spotlight as a role model in a campaign pioneered by the organisation Equals.

JERNBRO.

Works with Teknik College, Sweden's largest collaboration platform for industry skills supply – including participation in events that promote industry career opportunities among young people.

Provides internships across several company departments for people having difficulty finding employment or for school pupils who need an internship to pursue a discipline-specific career.



Unique Group

Conducts customary surveys on employee quality of life and facilitates monthly mental/physical awareness sessions for employees.

Developed a 'helping each other' culture in which employees sign up to be mental health champions; 31 mental health first aiders have been trained to provide counselling and guidance.

Significantly reduced its own carbon footprint by substituting part of its diesel-powered fleet with electric vehicles, installing solar panels in some office buildings and increasing the use of LED lighting.

Runs a programme to recruit women from previously disadvantaged groups in an effort to not only empower them, but also break industry biases.

Authenti

Funded the construction of a new laboratory for Saker Baptist College in Cameroon to enable the expansion of its science and chemistry curriculum.

Donated funds to provide the necessary equipment for a new chemistry laboratory and expanded science curriculum at the Georges Malaika Foundation – a school for girls – in the Democratic Republic of Congo.

3t Energy Group



Supports candidates to obtain employment externally or within their own organisation through lecturing activities at local universities.

Launched an employee development framework and created personal development plans, with managers and employees meeting at least once per quarter to review.

Secured a flagship contract for OPITO's Skills Passport programme – a first-in-industry digital solution to help workers identify gaps, and gain the skills and certification they need to work and transition across the energy and adjacent sectors.



Developed a strategy to explore for oil near facilities where electrification is in place or planned, in line with an agenda to have oil assets powered from shore.

Pursues a business strategy which recognises, and aligns with, Europe's need for gas – a key fuel in the energy transition – from both an environmental and social perspective.

Reduced its business travel by 50% from 2019 by increasing its use of virtual meetings.

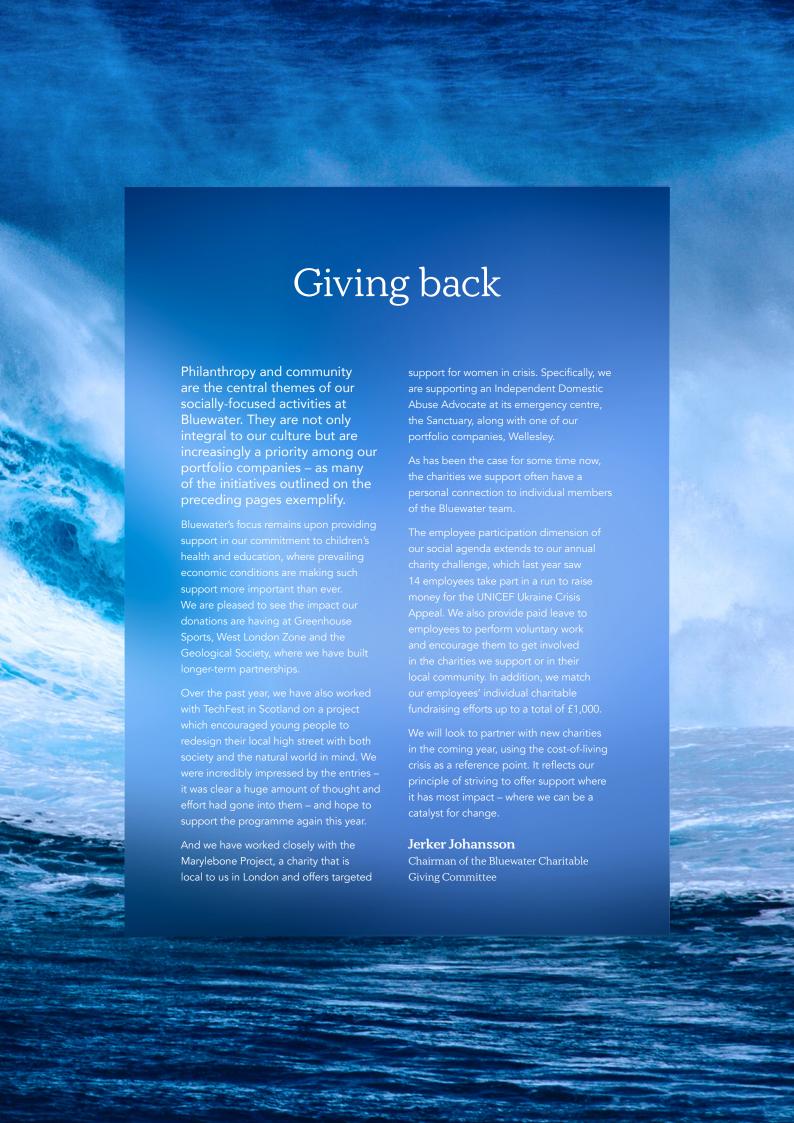


Help for hospital

Apex International Energy has supported the Ras El Hekma Central Hospital in Egypt by providing modern medical equipment for six intensive care units.

The hospital is close to Apex's operations in the Western Desert and provides medical services to the Bedouin residents in several local villages.

The assistance reflects Apex's commitment to local community development in the areas where it operates.



TECHFEST

TechFest: envisioning the high street of the future

During 2022 we supported TechFest's Blueprint Challenge.

Teams of senior school pupils from across the north of Scotland redesigned their high street to create a space that allowed society to thrive while also celebrating the natural world.

They were asked to take into consideration issues ranging from architecture to power generation and consumption, economic stability and wellbeing, and were encouraged to create diverse teams that could address all challenge requirements.

Two members of the Bluewater team, Fiorella Barbato and Joe Dipre, took part in an online seminar during the design phase to discuss various energy sources with the young people, while Investor Relations & Marketing Director Frazer Blyth was on the final judging panel.

The winning team, Carnoustie Carbon Initiative from Carnoustie High School, produced a design for an inspirational, eco-friendly high street which would remove cars and instead see residents travel underground via a tram system powered by wind and wave energy.

Ground level featured cycle, skate and walking paths, with plant-covered walls, an orchard and oak trees. The high street would also house a sensory garden and an eco-dome where residents could grow their own produce. And in a bid to capture the increasing volume of rainfall, an advanced drainage system would gather and re-use rainwater from the permeable pavements.

TechFest is an Aberdeen-based charity which aims to engage young people in the four main STEM subjects (science, technology, engineering and mathematics) and encourage them to go on to forge a career which uses these skills by demonstrating that they are both fun and relevant in day-to-day life.



↑ Winners – Carnoustie High School

"It was a pleasure to see these young minds tackle one of the biggest challenges our cities and towns face today. Their consideration of not just the retail experience, but also the environment and how humans interact with each other, is to be commended. We've been delighted to partner with the amazing team at TechFest on this project and continue to support the important work they do with young people in Scotland." Frazer Blyth

↓ Elgin Team





↑ The Marylebone Project's vision is to empower women to end their homelessness and live their lives to the full.

Marylebone Project

The Marylebone Project provides targeted support to vulnerable women impacted by domestic abuse, human trafficking, domestic servitude, alcohol and drug abuse, or unemployment. Its emergency centre the Sanctuary is open 24/7/365 to provide a safe space where women can access advice on housing, education and training. Since it was launched in 2021 the Sanctuary has received over 10,000 visits and Bluewater is delighted to be supporting the vital work of an Independent Domestic Abuse Advocate there along with one of our portfolio companies, Wellesley.

Sequoia planting

Members of the Bluewater team travelled to Abergavenny in Wales to plant Giant Sequoias as part of One Life One Tree, now The Great Reserve project. A tree was bought for each staff member to help offset their lifetime carbon footprint as well as help save an endangered tree species. The characteristics of the Giant Sequoia make it an effective and durable way to remove carbon dioxide from the atmosphere.

Recently Supported Charities:



Ukraine crisis appeal

A group of Bluewater colleagues took part in a special charity event to help vulnerable children in war-torn Ukraine.

The 14-strong team participated in the JP Morgan Corporate Challenge, a 5.6km run in London's Battersea Park, in aid of UNICEF's Ukraine Crisis appeal. Bluewater's Charity Committee pledged to sponsor each of our runners to the tune of £1,000. UNICEF works in more than 190 countries and territories to reach children and young people in greatest need.



Years of focus on ESG have rendered it central – and essential – to everything we do

The timeline featured on page 16 of this annual report neatly summarises where we have come from on our ESG journey. But it also records the pivotal point we reached over the past year as the emphasis switched from a focus on strategy, policies and culture change to manifest action.

Much of the content of our 2023 report relates to projects, initiatives, partnerships and investments that have materially advanced all three areas of ESG. Many of these also demonstrate that, across our portfolio, we have moved on from a phase of 'quick wins' with respect to ESG, to one characterised by activities of greater depth and substance that will underpin the ESG agenda in the longer term.

An immense amount of work has been devoted to embedding ESG principles and practices into our business and our portfolio companies, to the extent they are now contributory factors in the everyday decisions we make and the actions we take.

That culture will always be tested by the routine business pressures we face and the global challenges our industry is having to contend with today, but we are clear that our years of focus on ESG have rendered it central – and essential – to everything we do.

Thank you for taking the time to review our latest report, and we look forward to updating you in 2024 on progress achieved over the coming months. In the meantime, we will add new content throughout the year to the ESG section at www.bluewaterpe.com/esg.

Frazer Blyth

Director, Investor Relations & Marketing



Graeme Sword



Role of ESG Committee:

Drive ESG improvement at Bluewater and portfolio level

Ensure portfolio companies' sustainability metrics and investment returns improve under our ownership Empower people and teams through learning and best practice

Drive better returns for LPs by creating lasting positive impact for our investors, teams, businesses and communities where we live and work

Frazer Blyth



Louise Pilgrim



Tatiana Belova



Rosie Micklewright



James Braithwaite



Salil Oberoi



Global Private Equity for the Energy Transition

■Bluewater

17 Connaught Place London W2 2ES United Kingdom

+44 (0)207 2905090

info@bluewaterpe.com www.bluewaterpe.com

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