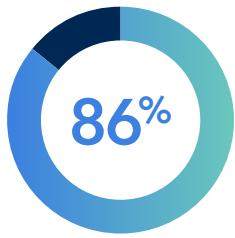




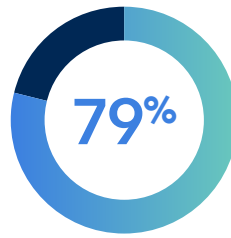
ESG

2024

Environmental,
Social and
Governance
Report
2024



of portfolio companies have measured their Scope 1 GHG emissions¹



of portfolio companies have measured their Scope 2 GHG emissions¹

16/16

portfolio companies each with a nominated ESG Director

100%

of portfolio companies reporting on ESG data reporting & benchmarking platform

\$1,235,000

donated to charities or good causes by Bluewater and the portfolio companies since 2021

Portfolio presence in

55

countries across Europe, the USA, the Middle East and Asia

64%

of reporting portfolio companies moved up an ESG rating category²

100%

of reporting portfolio companies increased their ESG score²

1 / The data presented is on a like-for-like basis and excludes companies reporting in the prior year that have subsequently been sold and companies reporting for the first time in the current year.
2 / The portfolio company ESG ratings and scores are provided by our third-party reporting & benchmarking service provider and are based on their methodology and benchmarks.



Responsible investing

Bluewater is a specialist private equity firm with a focus on creating sustainable growth. We apply extensive knowledge and experience in the mid-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 of commitments under management and hold investments in 15 companies across two funds.

We have developed our ESG framework to ensure it intrinsically links into our investment strategy, focusing on returns whilst demonstrating continued ESG performance improvement across the portfolio during Bluewater's ownership, creating tangible value.

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The Bluewater ESG Report

2024

Over the past year we have continued to make significant progress on multiple fronts towards our long-term ESG objectives, and this latest annual report both charts those welcome advances and details the next steps on our ESG journey.

Our 2023 ESG report outlined how we were growing our partnership with a third-party ESG data reporting & benchmarking service provider, and it is evident that this strategy is now delivering the insights we want – insights that are informing where we can most effectively direct our time, energy and resources.

A total of 300 data points are now being routinely collected across our portfolio, and this year we can quantifiably state that every one of our portfolio companies that reported in 2023 has recorded an improvement in its ESG rating score.

We also reported last year against the UN Principles for Responsible Investment (PRI) for the second time since we became a signatory in 2020, and demonstrated a marked improvement across the board. As we summarise in this report, we established a series of initiatives to help embed ESG thinking across our portfolio after we first reported in 2021, and it is heartening to see those efforts being rewarded.

However, it is an ever-evolving process and we have continued to build out our ESG resources and practices in pursuit of further improvements. Specifically, in the wake of a subsequent PRI gap analysis, we have put in place an interlinked framework of policies, processes and guidelines that further strengthen the ESG focus within both Bluewater – not least as it applies to our investment process – and our portfolio interests.

Because of the confidence we enjoy in our forward investment strategy and in our ESG effort,

our intention is for Fund III to be registered as Sustainable Financial Disclosure Regulation (SFDR) Article 8.

It is important, of course, to relate our ESG activities to our core business focus as we continue to succeed in the investment space of one of the world's most dynamic industries.

Demand for energy – and the parallel demand for it to come from cleaner and lower-cost sources – continues to grow year-on-year. The rush to green energy has perhaps lost a little of its pace, as there is now global recognition that a balanced energy mix will deliver on those clean and low-cost drivers while we all strive to reduce carbon and therefore limit global warming.

As an energy investor, our strategy aligns with that vision, focusing on energy efficiency and decarbonisation. It is also intrinsic to our ESG initiatives. We are well positioned to harness the power of both of those – our forward-looking investment strategy and our multi-faceted ESG work – to make a difference.

The Partners

Every one of our portfolio companies that reported in 2023 has recorded an improvement in its ESG rating score.

Our ongoing commitment to responsible investment

As a responsible investor, ESG considerations form an important part of our investment decision process and allow us to identify and assess potential risks and opportunities that may impact upon our strategic investment goals.

This approach aligns with the overall investment objectives behind our funds, as well as with our fiduciary duty to maximise returns for investors.

It also helps us to develop a deep understanding of sustainability issues, not only equipping us to mitigate against detrimental outcomes but also strengthening our ability to influence portfolio companies or assets as part of our hands-on approach to stewardship.

A formal commitment

Bluewater became a signatory to the UN Principles for Responsible Investment (PRI) in 2020 and reported for the first time in 2021.

We have used the framework to gauge our progress, and when we reported again in 2023 we recorded an across-the-board increase in our score.

We will continue to work towards the further integration of ESG considerations into the investment process.



Since we reported in 2021 we have put a number of key initiatives in place:

- appointing an ESG-nominated director on the board of each portfolio company
- onboarding all of our portfolio companies to a reporting & benchmarking platform
- requiring each company to set annual objectives and report on these at board level quarterly

We engaged an ESG consultant in 2023 to undertake a PRI gap analysis. This exercise has resulted in:

- the creation of an ESG operating manual. This document sets out the processes that underpin Bluewater's commitment and approach to integrating ESG factors into the investment process as well as across the culture and operations of the firm
- the development of ESG guidelines covering areas such as climate change, human rights and other sustainability issues
- new guidance for portfolio companies on specific ESG initiatives, such as the development of human rights policies
- an enhanced due diligence process

Bluewater 2023 PRI Summary Scorecard

PRI median		Module score				
Module score	AUM coverage	☆☆☆☆☆ (0<=25%)	★★★★☆ (>25<=40%)	★★★☆☆ (>40<=65%)	★★★★☆ (>65<=90%)	★★★★★ (>90%)
Policy Governance and Strategy ★★★★☆					71	
Direct - Private equity ★★★★☆	>50%				70	
Confidence building measures ★★★★☆					80	

Priority areas

As reported in our 2023 report, we have established a number of priority areas and targets for both our own business and that of our portfolio companies. Here we summarise the progress achieved in those areas last year and how we are working to move the agenda forward again in 2024.

Greenhouse Gas (GHG) Emissions: increased transparency through reporting, focus on reduction

Bluewater's progress:

Last year we set out to understand where reductions in GHG emissions could be made at Bluewater. Because business travel represents our biggest source of Scope 3 emissions, we undertook a comprehensive travel audit and have subsequently updated our travel policy in pursuit of reducing our carbon footprint. We will be undertaking a further travel audit at the end of the year to establish the effectiveness of the initiatives and identify areas to further progress our objective of reducing our travel carbon footprint year-on-year.

Across the portfolio:

Our portfolio companies were set the goal of measuring their Scope 1 & 2 emissions by the end of the year, resulting in an increase in the number of companies doing so (see p. 12), with a focus on working with the three remaining companies to deliver on this objective.

For 2024, we are asking the portfolio companies who have been reporting on Scopes 1 & 2 to start the process of identifying the data required to calculate Scope 3 emissions.

We are also asking them to explore the production of an emissions reduction plan, and to fully or partially offset their emissions.

Health, Safety & Well-Being: prioritising people

Bluewater's progress:

Staff welfare is always a priority area of attention within Bluewater. In 2023 we rolled out a health check programme for all employees, we also had a specific focus upon mental health, recognising Mental Health Awareness Week and supporting two members of staff to undertake Mental Health First Aider training. This year we will build on those initiatives and continue to promote good mental health practices.

Across the portfolio:

We are committed to attaining the highest standards of health and safety within our own business – and within our portfolio companies who continue to measure lost time from incidents and record the steps they take to reduce incidents and lost time. This metric is reported on in board packs quarterly.

Human & Labour Rights: a respect agenda

Bluewater's progress:

Bluewater believes that respect for human rights is critical to the sustainable operation of our business. We aim to use our influence – with our suppliers and portfolio companies – to prevent and mitigate any potential harm or adverse impact on human rights.

In 2023 we undertook a review of our supplier onboarding process. Our intention in 2024 is to identify our most 'at risk' suppliers and to roll out a questionnaire including human & labour rights questions. We have also included a human & labour rights policy in our staff handbook with the aim of raising consciousness of these issues across the business.

Across the portfolio:

We are pleased to report that there has been an increase in the number of portfolio companies undertaking human & labour rights due diligence (see p. 12). We are now asking them to request information on human & labour rights from their key or highest-risk suppliers as part of that process. We have provided guidance and additional resources to support them in this area.

Diversity & Inclusion: a core value

Bluewater's progress:

Bluewater has sought to sustain diversity as a core value of our business, recognising as we do that the contributions of colleagues from different backgrounds and experiences greatly add value to our work and to our workplace.

In 2023 we undertook company-wide Diversity, Equality & Inclusion (DEI) training, with a particular focus on unconscious bias and recruitment. We have updated our recruitment guidelines and provided guidance on several key issues including selection criteria, shortlisting and recognising unconscious bias in the interview process. These guidelines have been shared with portfolio companies and we have recommended their implementation.

We have also introduced one specific Bluewater initiative: to support employees with young families impacted by the increasing cost of childcare, we established a workplace nursery scheme providing parents with the ability to benefit from significant savings on nursery fees.

Across the portfolio:

We have seen an increase in diversity initiatives across portfolio companies (see p. 12) and this year we are encouraging them to build on these or implement new ones as well as undertake DEI training.

Anti-Bribery & Corruption: advocating ethical behaviour

Bluewater and across the portfolio:

It is our policy to maintain the highest standards of ethical behaviour in all our business dealings. We are committed to upholding all laws relevant to countering bribery and corruption in the jurisdiction in which we operate, and we expect our portfolio companies to adhere to the same standards.

Every member of Bluewater staff undertakes comprehensive compliance training, including Anti-Bribery & Corruption, on an annual basis. We expect relevant staff at our portfolio companies to do likewise.

Philanthropy & Community: strengthening old partnerships, building new ones

Bluewater's progress:

Our philanthropy focus remains primarily upon supporting children's health and education as well as charities working in our local community in London.

In 2023 we continued to build the relationships with our long-standing charity partners and forged new ones. We organised a charity lunch with representatives of two of these – AllChild (formerly known as West London Zone) and The Geological Society – to enable our team to learn more about the organisations.

We will be organising a workshop for young people supported by AllChild and will be partnering with two new charities in 2024, one of which is a mental health charity.

Across the portfolio:

There has also been sustained focus on charitable and community initiatives at portfolio company level, and they are being encouraged to share plans on how they will look to grow those partnerships or build new ones.

Cybersecurity: safeguarding operations

Bluewater's progress:

Cyberattacks present a significant threat to the safe operations, commercial well-being and reputation of any business, and are becoming increasingly sophisticated.

At Bluewater we achieved Cyber Essential Plus status and will be conducting a Cloud Security Review in 2024 to ensure adherence to best practice.

Across the portfolio:

We continue to invest in protective measures, and in 2023 our portfolio companies completed a Cybersecurity Risk Assessment exercise to understand their ability to defend their businesses against such attacks. This year we expect them to implement company-specific cybersecurity action plans, based on the outcomes of the assessment and to ensure all employees undertake cybersecurity training.

Bluewater GHG emissions

We have taken steps to enhance the accuracy and rigour of our Greenhouse Gas (GHG) emissions reporting, and are using the data to identify opportunities for further improvements.

We again calculated our Bluewater Scopes 1, 2 & 3 carbon emissions – for the reporting period 1st April 2022 to 31st March 2023 – applying the Greenhouse Gas Protocol methodology⁴.

“For this latest year, we were able to provide supply chain data relative to prior years, which has improved the accuracy of our emissions.”

Recognising that business travel makes up a significant proportion of our emissions, in 2023 we undertook a travel audit to understand where reductions could be made as one of our ESG objectives. We have now updated our travel policy on the basis of the audit, with the aim of reducing like-for-like emissions.

In 2024 we will also be reviewing our supply chain data to see where reductions can be realised in that area.

Offsetting

We continue to offset our 2022/2023 emissions through the purchase of carbon credits in the same high-quality REDD, Verra certified projects as last year which aim not only to protect vital carbon sinks but also to support the livelihoods of local communities. As was the case in 2021/2022, we purchased these through a platform that implements enhanced due diligence throughout the project selection, evaluation and monitoring process.



Bluewater Emissions Reporting 2022/2023

Scope	tCO2e	% of Total
Scope 1 ⁵	6.76	0.6%
Scope 2 ⁶	0.73	0.1%
Scope 3 ⁷	1,062.54 ⁸	98.4%
Scope Other	9.39	0.9%

3 / Emissions reported relate to Blue Water Energy LLP
4 / Greenhouse Gas 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
5 / Scope 1: direct emissions from owned or controlled sources
6 / Scope 2: indirect emissions which include those caused by generation of energy purchased by a company
7 / 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
8 / Business travel makes up 46% of our Scope 3 emissions and our supply chain accounts for 44%

News headlines from Bluewater and across our portfolio

“GES and Provaris to develop new hydrogen import facility at Port of Rotterdam”

April 2024

“Bluewater is proud to support The University of Cambridge’s Energy Technology Society”

August 2022

“3t Energy Group leads the way in re-skilling workforces to support the energy transition”

November 2022

“Bluewater rallies behind ‘Little Breaths’ to bring life-saving support to Croydon University Hospital”

October 2023

“The transformative approach of Galileo and Edge LNG”

June 2019

“Bluewater to accelerate energy transition play after Kent exit”

March 2024

www.bluewaterpe.com/news



The Bluewater Team



ESG data collection highlights



64%

of companies moved up an ESG rating category²

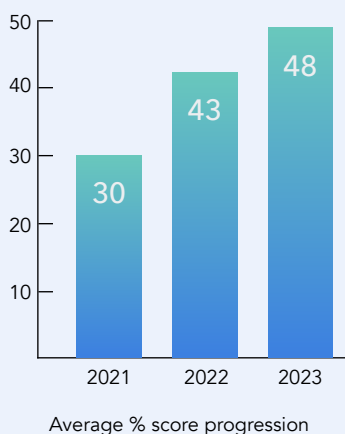
4

portfolio companies now rated as

EXCELLENT²

1116
OUT OF

above their sector benchmark²



Advancing the ESG agenda

Reporting shows year-on-year improvements across the board

Our partnership with a third-party ESG data reporting & benchmarking service provider is demonstrating portfolio-wide progress. In Q1 of 2024 we completed our third round of reporting on the platform, and...

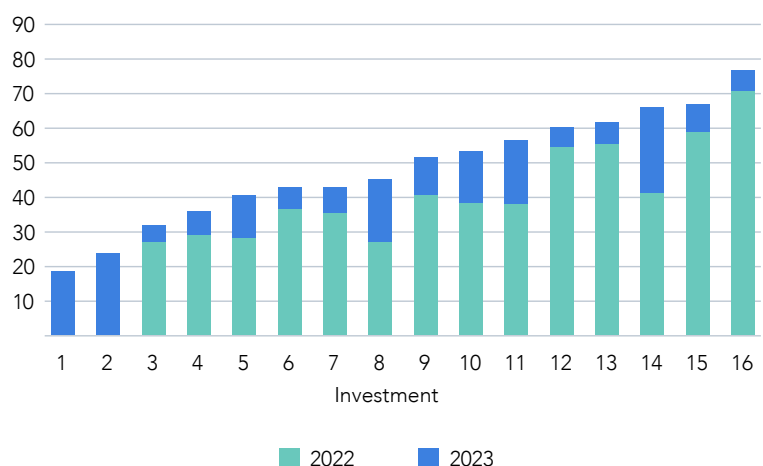
the three years of data we now possess is presenting a trend of consistent and ongoing improvements.

With two businesses recently onboarded to the platform, all our portfolio companies are now reporting on it annually, increasing transparency and enhancing our ability to track and report on ESG.

We are seeing a marked increase in engagement with the ESG agenda, as companies introduce new initiatives and implement them with rigour and commitment. The results show the extent to which they are achieving greater alignment with global standards and frameworks.

The platform questionnaire contains 300 data points, a combination of qualitative and quantitative metrics that are independently verified. It consolidates 18 global standards and frameworks, including UN PRI⁹, ILPA¹⁰, EDCI¹¹ & TCFD¹².

ESG score progression across Funds I & II



1 / The data presented is on a like-for-like basis and excludes companies reporting in the prior year that have subsequently been sold and companies reporting for the first time in the current year.

2 / The portfolio company ESG ratings and scores are provided by our third-party reporting & benchmarking service provider and are based on their methodology and benchmarks.

9 / UN Principles for Responsible Investment

10 / Institutional Limited Partners Association

11 / ESG Data Convergence Initiative

12 / Task Force for Climate Related Financial Disclosures

The following data relates to 2023.

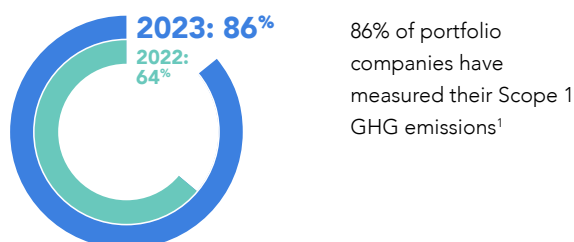
The number of portfolio companies that reported was 16.

Environmental highlights

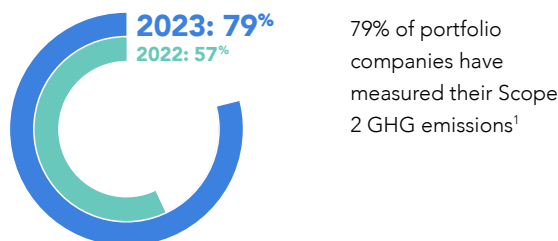
We've seen a year-on-year improvement in the number of companies measuring their Scope 1 & 2 GHG emissions and greater focus on identifying climate risks and opportunities. We are working with the remaining companies to deliver on our objective of all portfolio companies measuring their Scopes 1 & 2.

Environmental Footprint

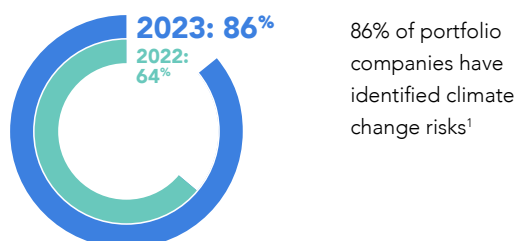
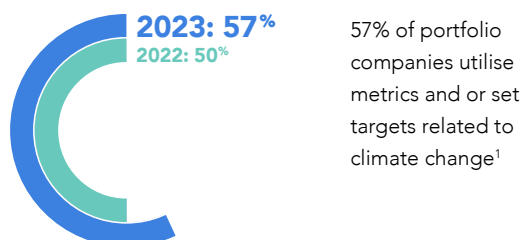
Measure Scope 1 GHG emissions:



Measure Scope 2 GHG emissions:



Climate Change Strategy



Social highlights

Portfolio companies are continuing to prioritise improvements across Health & Safety and Diversity, and it is encouraging to see the results below. Human & Labour Rights became a priority area for us in 2023 and we have seen portfolio companies work towards improving due diligence processes both within their own businesses and with their suppliers.

Health, Safety and Well-Being

38% of companies reported a decrease in workforce injuries year-on-year

Diversity

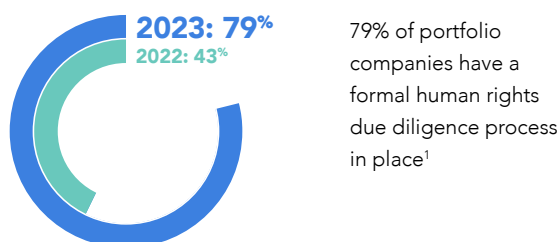
19% of portfolio companies improved their recruitment practices

57% of portfolio companies that have reported since 2021 have improved the level of diversity data they collect

44% of portfolio companies undertook DEI training or put DEI awareness initiatives in place

44% of portfolio companies offer apprenticeships or training opportunities

Human & Labour Rights



56% of portfolio companies undertake supplier human & labour rights risk assessments

Philanthropy & Community

69% of portfolio companies supported their local community through volunteering or donations in 2023

Governance highlights

We recognise that robust governance is the foundation of successful companies and our focus remains on having appropriate levels of oversight of ESG issues at Board level, clear codes of conduct with a particular focus on Anti-Bribery & Corruption and rigorous cybersecurity. We will continue to work with the companies at the beginning of their ESG journey to ensure they have the support and framework to achieve the expected objectives.

Corporate Governance

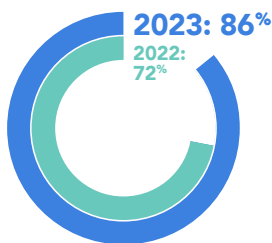
100% of portfolio companies have an ESG nominated director

100% of portfolio companies have a code of conduct in place

88% of these cover Corruption & Bribery

100% cover Whistleblowing

94% have a Gifts policy



86% of portfolio companies have a sustainability strategy¹

Cybersecurity

88% of portfolio companies have a cybersecurity policy in place

88% of portfolio companies undertake formal cybersecurity training



Louise Pilgrim
Chief Financial Officer

1/ The data presented is on a like-for-like basis and excludes companies reporting in the prior year that have subsequently been sold and companies reporting for the first time in the current year.

Commitment to disclosure

EU Sustainable Finance Disclosure Regulation (SFDR) regime

In 2023 we put the building blocks in place with the intention to register Fund III as an SFDR Article 8 fund leaving us well placed to take the next steps in this process as we look to launch the fund this year.

Article 8 funds are financial products that promote environmental and/or social characteristics. With our Fund III investment strategy and our ESG work being so closely aligned, registering the fund as Article 8 is a logical next step for us.

We are now in a position where we have identified our provisional environmental characteristics, which align with the four pillars of our investment strategy, and sustainability indicators which we will use to measure the attainment of the fund's environmental characteristics. We also plan to opt into considering certain of the SFDR Principal Adverse Impacts (PAIs) in our Article 8 framework (known informally as Article 8+).

By choosing to disclose and report in line with SFDR Article 8, we will not only be reaffirming our commitment to transparency but also providing demonstrable evidence of how our investments are enabling the delivery of their stated environmental characteristics.

Starting our journey with TCFD

Task Force on Climate-Related Financial Disclosures (TCFD)



Rosie Micklewright

ESG Associate

Climate change is one of the greatest challenges we face today, it presents a risk and an opportunity both for our portfolio companies and as part of our investment strategy.

The TCFD recommendations provide a globally recognised framework for organisations to identify, assess and report on their climate-related risks and opportunities. We recognise the important role it plays in ensuring investors and other stakeholders are equipped with relevant information on how companies and investment firms approach these issues.

Our intention this year is to work towards reporting in line with TCFD across the four themes of Governance, Strategy, Risk Management and Metrics & Targets which will be a significant step for us.

While we have already integrated aspects of the TCFD framework into our investment process and monitoring practices, we will look to embed these further over the course of the year.

“

“We recognise the important role the TCFD plays in ensuring investors and other stakeholders are equipped with relevant information”



Bluewater Investment Strategy: an overview

Bluewater has to date invested \$2.3 billion in 26 companies and completed 77 add-on transactions, and we have a portfolio presence in 55 countries across Europe, the USA, the Middle East and Asia.

Over the past 12 years we have continuously adapted our investment strategy to ensure it is always focused on the best risk-adjusted returns.

Our forward investment strategy builds on several attributes and drivers: the experience and expertise of our team, the strategies behind our Funds I & II, the year-on-year global growth in energy demand and the critical importance of decarbonisation.

That is why, in simple terms, our investment strategy focuses on ‘the modernisation of the supply chain while at the same time driving increased efficiency and decarbonisation of systems, processes and technologies’.

Our investment opportunities span specific areas of specialist market activity with strong identified growth potential: critical equipment manufacturing, aftermarket services, asset integrity, emissions management, the circular economy, electrification and digital transformation.

We believe improving efficiencies and achieving lower carbon outputs go hand in hand: there are tangible gains in the supply chain if a system or process can be made to use less fuel, deliver a higher energy output and reduce its CO2 emissions.

So how do we grow value in a business?

- We **internationalise**. We take high quality companies who make critical components and provide expert services, and support their expansion into new regions where their capabilities are needed
- We **buy and build**, identifying value-enhancing companies to add to our portfolio. We have completed 77 acquisitions to expand our current portfolio as part of a strategy that frequently brings new customers on board and extends the geographical reach of our companies
- We **industrialise**, exploring opportunities to introduce the products or services of individual businesses into new sectors
- We make **transformational acquisitions**, underpinned by our buy-and-build approach. We have a track record of completing complex carve-outs from usually large-scale, listed organisations where they no longer have a strategic fit

Our strategy works across four key themes and we create value by using levers we know are effective:



ESG: its status and influence today



Tom Sikorski
Founding Partner

Bluewater Founding Partner Tom Sikorski addresses some key questions around the evolution of ESG – and its status and influence today.

When you started investing in energy-related businesses, was ESG – in any form – considered as part of the investment decision?

ESG, in the context of influencing real investment decisions, has really only emerged in the last three or four years. My background is in the US market, and there are States there today where I'm afraid ESG is still not a core consideration in either fund investment decisions or in the sale process of a business. For some LPs, however, investing into a fund that has an active and measurable ESG programme is very important. Our team's approach has been consistent: drive a programme that shows tangible data, and report on it. Moving the next Bluewater Fund to be an SFDR Article 8 fund demonstrates our forward commitment to this.

While the 'E' element of ESG was not a prime consideration previously, is it true that energy-related businesses were still leading the way in health & safety and governance?

Yes, for sure. I don't know of any energy-related business where Health & Safety Executive (HSE) and employee welfare has not always been a top priority. The traditional energy sector works in harsh environments, with dangerous products and large-scale machinery, so it was always a principal focus for management teams and boards. I believe the industry works to some of the strictest HSE guidelines in the world of work. And this, of course, is intrinsic to any ESG programme.

Where have you seen core company performance and deliverables go hand in hand with a strong ESG programme?

I can think of several great examples which demonstrate this point, but Kent is a textbook case. The Kent team deployed over 10,000 engineers globally, in some of the harshest operating locations on the planet. Yet their record of environmental and social care was second to none. When we sold the business to Nesma & Partners in 2023, we handed it on with a great management team, a very strong financial performance and a fully embedded ESG programme.

Do you think LPs will increasingly look at milestones and improvement programmes as the best measures of success?

Yes, I believe they will – many investors now look beyond the 'box ticking' culture. We have focused on establishing benchmarks across each of our companies and then, aimed to improve on those. We publish validated data each year, good or bad. I think this is the kind of hard evidence that LPs will come to respect in terms of accurate ESG reporting in the future.



“On a practical level, many of the elements of ESG are just good business practice. My father worked at IBM for many years and as a result I was raised in an environment that valued diversity, respect for individuals and a public service orientation as intrinsic to a high-quality organisation. I believe our ESG framework continues to reflect those values today.”

ESG across the portfolio

This year we've seen a marked improvement in our portfolio companies' ESG rating scores, these are underpinned not only by the portfolio pivoting towards climate change opportunities and focusing on emissions but by the number of impactful initiatives that have been put in place across Social & Governance, as demonstrated in the following pages. We recognise the work and commitment that portfolio companies put into their ESG programmes and it's rewarding to see the results of these efforts.

Martin Somerville
Managing Director

Mark Corrigan, 3t Chair and formerly of Schlumberger, sets out the role ESG plays at 3t and the approach they take to embedding good ESG practices across the business.

It is clear that ESG performance is now a key factor in many investment decisions, however this is not the principal driver of the focus within 3t. We view our ESG commitment more as a license to operate rather than a response to external stakeholder demands. The difference is important as it then ensures that our commitment is also embedded in the way we do our business and that it is proportionate to the nature, scale and risk profile of the business.

Most of the underlying principles were already being addressed but bringing all the commitments together under an ESG framework has brought additional focus, more scrutiny on the gaps and objectivity as to whether we are continuously improving in line with our ambitions and stakeholder expectations.

For companies of our scale, resources are limited and so inevitably we must prioritise to optimise the impact across the wide spectrum of ESG issues. By the nature of our business and scale, our carbon footprint is relatively low. By contrast, our business is intensely oriented towards people and personal data. Our Board consequently decided to take a measured approach to improving our environmental footprint while striving for excellence in our social and governance practices.

A key has been to embed, as far as possible, our ESG actions into the standard way of doing business rather than as an additional ESG ask. Force fitting a stand-alone ESG agenda would inevitably be a resource draw and viewed as a burden on the business, potentially back-firing in an impression of 'greenwashing'. The tone, that this commitment to ESG is simply good business, has to come from the leadership, with visible sponsorship and oversight from the Board.

Participating in the annual third-party reporting & benchmarking assessment has been valuable. Although some aspects are overly cumbersome and questionably relevant, it has allowed us to objectively measure our progress, identify areas for improvement and, through the benchmarking, determine where to pitch our ambitions.

We are on a journey but the strategy is paying off, with this year's assessment awarding us an ESG rating of 'Excellent'².

2 / The portfolio company ESG ratings and scores are provided by our third-party reporting & benchmarking service provider and are based on their methodology and benchmarks.



Mark Corrigan
3t Chair



CRC Evans leads in hydrogen pipeline delivery

CRC Evans successfully completed work on a 50km hydrogen pipeline in Romania's Black Sea Podisor region, further enhancing the Group's expertise in this new area of pipeline welding. The pipeline was initially intended to transport natural gas but was redesigned to be constructed as 'hydrogen ready' to support lifetime extension and future use.

"Governments around the world are setting out hydrogen strategies to support decarbonisation goals and plans for targeted investment across industrial, transportation and energy sectors. Hydrogen is becoming increasingly important in the drive to reduce global emissions.

Part of this transition will be the delivery of vital new infrastructure to support the manufacture, storage and transportation of hydrogen, ensuring its safe and reliable delivery.

As trusted infrastructure specialists, CRC Evans has the experience and capability to become a key partner in the hydrogen market."

Leon Dashwood

CRC Evans Strategic Growth Director



CRC EVANS

'Women into Wind' initiative

3t Training Services has joined forces with developer Ørsted to help address gender imbalance in the wind sector.

They are leading the Women into Wind initiative, which is offering 12 women the opportunity to train and work in the fast-growing sector. Currently around 5% of people working offshore in wind are female, while the figure is 21% across the wider wind sector.

Training approved by the Global Wind Organisation (GWO) is being provided to the cohort. 3t Training Services and Ørsted are collaborating with other offshore wind farm developers and supply chain companies to line up guaranteed interviews, work placements and employment opportunities.

3t Training
Technology
Transformation



A partnership approach to green fuels verification



The demand for green fuels continues to increase across multiple sectors, however, this has also led to an increase in deceptive practices such as greenwashing, where companies make unverified claims about the sustainability of their fuels for both environmental benefits and regulatory compliance.

Green fuel assurance will play a crucial role in combating these fraudulent activities by providing a reliable and transparent traceability mechanism to authenticate the provenance of the actual sustainability of these fuels.

Authentix and a global non-profit organisation that supports the decarbonisation of the maritime sector through pilots and trials, are working together to develop an assurance framework for the traceability and authentication of green fuels, such as biofuels, to verify the premium value and detect adulterated or illicit supply.

Today, biofuels present a viable alternative to traditional fossil fuels, contributing to the reduction of greenhouse gas emissions, the ultimate goal of the partnership.

Authentix, through its long tenured experience in fuel marking and testing services, develops both chemistry and software to ensure the physical fuel product aligns with the digital tracking system, thereby safeguarding against substandard products or supply from potentially untrusted sources.



WELLESLEY
PETROLEUM

Fully integrated ESG considerations in the Carmen exploration project. Tested several initiatives to minimise the environmental impact of operations and improve the health and safety working conditions for offshore personnel.

Carried out an ESG materiality assessment, by evaluating the 22 topics of GRI (Global Reporting Initiative) Standard 11 'Oil and Gas Sector' to improve their impact.



Installed solar panels in a pilot project to reduce the diesel consumption needed to operate a well pump. Solar energy reduced the direct diesel consumption of operating the well pump by approximately 44%, saving the equivalent in GHG emissions.

Is working with graduates on the Al Amal Geoscience Graduate Training Programme to help students develop and learn about the work environment, reach international standards and support oil and gas companies' recruitment requirements.



Completed Gender Pay Gap analysis in July 2023, revealing a reduction from the previous year across both ordinary pay and bonus gaps.

Launched an Equity, Diversity & Inclusion Policy and Action Plan setting out their commitment to encourage equality, diversity and inclusion across all areas of their business.

Has measured emissions across Scopes 1 & 2 and is working towards reduction targets.



Added three new trainees to its highly sought-after training and competency programme for those looking to join the offshore industry.



Committed to a green energy vendor for electricity – leveraging renewables for 65% of its energy and invested in solar panels, expected to contribute 15% to overall energy requirements.

Established a women's group, Thrive, which organises quarterly speaker sessions and has become a valuable forum for women to connect, learn, and inspire each other.

Developed a comprehensive evaluation and maintenance plan to help prevent unnecessary water waste on site.

IMServ

Is reviewing its remuneration structures to ensure all staff (including temporary workers) are paid Living Wage, and ensuring key suppliers pay in-country Living Wage. It is also providing contractual commitments to strategic customers to pay Living Wage to all staff. These steps position IMServ to apply for formal Living Wage accreditation in 2024.

All executive team members completed a volunteering day or charity activity in 2023 to promote and encourage more volunteering across the business.

JERNBRO

Launched *Quarterly Focus*, which addresses a new health & safety area each quarter. The topic is selected based on sources such as audits, previous incidents, current industry areas of focus and risk assessments.

Provides employee training sessions through the Jernbro Maintenance School, offering development opportunities and ensuring that maintenance activities are well-founded and executed consistently across the organisation.



Recently completed an overall Personal Protective Equipment (PPE) analysis related to factory activities and will be deploying PPE vending machines to ensure employees have access to the right protection while limiting their PPE waste.

Have replaced plastic water bottles with filtered water fountains at their facility, reducing their plastic waste by an estimated ton per year and improving overhead costs.



Has commenced a project with a third-party energy consultant to conduct an energy efficiency survey focusing on areas within its GES Klang LPG terminal where it can use its own solar energy supply.

Rolled out DEI awareness training for all terminal management teams and launched a female employees' forum.



Implemented an awards programme to recognise Galileo employees' focus on Health, Safety, Environment and Quality.

Successfully went through the external audit process to obtain their Quality, Health, Safety and Environment ISO Certification.

Started an initiative in 2021 based on the 5s Methodology, designed to help instil a culture of quality, productivity, and improvement. Working closely with the operations and production teams to implement the five steps in the system (sort, set in order, shine, standardise, sustain the cycle), they have seen a significant improvement at each audit to date.



Unique Group

Provides carbon-conscious solutions for customers through its in-house developed Unmanned Surface Vessel fleet, which conducts surveys that realise efficiencies and deliver safer and greener practices.

Improved its recruitment process and implemented inclusive strategies. These include standardised assessments to evaluate skills and qualifications objectively, consistent interview questions and gender-neutral language in job descriptions.



Trialled a new Electric Coiled Tubing Power Pack during operations for NAM (Shell). The Electric Power Pack greatly reduces emissions when compared to a conventional diesel driven unit. Emission reduction was maximised in this case as it was connected straight to the grid, of particular importance as the operations took place within an environmentally sensitive location.

Donated to charitable projects in Italy, the Republic of the Congo, Tunisia, Colombia, USA and Argentina.

Giving back

Bluewater has always sought to find ways to give back to our communities.

We remain focused on helping causes linked to children's health and education and supporting our local community in London, providing support where it has the greatest impact and where we can be a catalyst for change.

We are pleased to be partnering with new charities in 2024, namely West London Action for Children, Feed London and Gift of Sight. We continue to encourage the Bluewater team

to nominate charities where they have a personal connection and our new relationship with Gift of Sight is the latest example of this principle in action.

It's equally heartening that many of our portfolio companies share our commitment to support the communities in which they live and work. This year we asked Harry Gandhi, Founder & Chairman of Unique Group to expand upon some of the causes they have supported over the years.

Jerker Johansson

Chairman of the Bluewater Charitable Giving Committee

A Case Study: Unique Group

Unique Group's core values of Committed, Conscious and Curious power our ESG pillars: Health & Safety, Social Empowerment and Sustainability. These values are embraced across our team and woven into the fabric of our organisation, driving us to make a tangible impact on society.

As a business we have taken steps globally to adopt multiple initiatives, including eliminating single-use plastic within the workplace, renting electric vans and investing in digitalisation to eliminate paper use.

To mark our 30th year in business in 2023, our employees collectively dedicated 300 hours to community volunteerism. Through collaborations with non-profit organisations, our efforts span educational, health, environmental and empowerment projects.

From supporting women empowerment programmes in India through Project Life Foundation to providing accessible healthcare solutions for the elderly in urban slums with HelpAge's Mobile Healthcare programme, we are helping to create lasting, positive change.

Other examples of our philanthropic endeavours:

- organising fundraisers and donation drives in collaboration with Charlie House and AberNecessities in Scotland to raise donations and toys for children
- raising over \$140,000 for Ekal Vidyalaya and the Lighting a Billion Lives initiative to bring lighting to 27 villages across rural India
- raising over £1,000 for Cancer Research UK as part of its Walk All Over Cancer campaign

To help enable the younger population in Africa, we donated to the ABN Education Trust Fund to further educational support. We also supported two South African welfare organisations, TEARS and Leliebloem House.

Unique Group will continue to innovate, collaborate and leverage our resources and expertise to create a more sustainable, equitable and resilient future for all.

Harry Gandhi

Unique Group Founder & Chairman



Unique employees taking part in a 2-day beach clean up in Aberdeen as part of the company's goal to provide 300 hours of community service around the world

A profile of our charity partners

Moorfields Eye Hospital

In 2023 Bluewater was delighted to support the production of a film focused on the transformative impact of Oriel – a joint initiative to create a new centre for advancing eye health – and the critical role of philanthropy in creating this global landmark.

The centre on the St Pancras Hospital site in Camden, London, will become home to Moorfields Eye Hospital and the UCL Institute of Ophthalmology, and is scheduled to open in 2027. Moorfields Eye Charity and UCL are committed to raising over £100 million to help achieve these ambitious plans and we hope that the film helps in this endeavour.



Architectural impression of the Oriel building



Earth Science Ambassadors engaging young people with geoscience

The Geological Society

Over the last two years Bluewater has backed The Geological Society in rolling out the Earth Science Ambassadors pilot project with the aim of promoting geoscience as a career among young people.

Since 2022 a total of 42 young people have undergone comprehensive training to become Ambassadors. This initiative has not only received positive feedback from volunteers but has also seen an overwhelming demand from partners eager to participate and contribute to the project's expansion.

TechFest

Bluewater supported TechFest's Blueprint Challenge: A Future High Street for the second year in succession. The initiative challenges pupils from schools across Scotland to redesign a high street and create a space which allows society to thrive while also celebrating the natural world.

Sixteen teams from five local authority areas presented at the final of the project, with a team from Oldmachar Academy in Aberdeen named the winner.

TechFest promotes Science, Technology, Engineering and Mathematics (STEM) to pupils and the wider community throughout Scotland.



Winners: Las Chicas, Oldmachar Academy in Aberdeen

Feed London

We partnered for the first time in 2023 with Feed London, a charity that helps vulnerable families fill the school holidays gap by providing food boxes filled with healthy ingredients, supermarket vouchers and easy-to-follow recipes.

Bluewater volunteers helped pack the boxes for the summer project, and we donated £1,000 to the organisation for every team member who took part in the 2023 J.P. Morgan Corporate Challenge. We will continue to support Feed London over the next two years.



Bluewater volunteers Kerrie Bell, Maria Mouragian, Anna Marshall and Louise Pilgrim packing boxes for Feed London Summer Project 2023

Marylebone Project

The Sanctuary at the Marylebone Project is a 24-hour safe haven for women who are experiencing crisis, and – along with portfolio company Wellesley – we supported the position of an Independent Domestic Violence Advocate (IDVA) in 2023.

This resource provides specialist support to women experiencing domestic abuse, and since filling the role The Sanctuary has welcomed women specifically seeking support from the IDVA and saw higher levels of confidence among service users.

AllChild

Since 2022 we have partnered with AllChild (formerly West London Zone), which helps children and young people build the relationships and skills they need to get on track socially, emotionally and academically to thrive in adulthood.

Members of the Bluewater team visited St Augustine's School in Kilburn to meet the school's Link Worker, Angie, and gain an insight into how she works with the school, families and delivery partners to positively impact on her cohort of young people.

Gift of Sight

Gift of Sight raises funds for eye research at the University of Southampton and was nominated for support by a Bluewater colleague with a personal connection to the charity. Bluewater will be funding research into the use of a handheld device to hasten the identification of a variety of eye conditions. We will also be providing funding towards the development of an app that originally helped children overcome lazy eye, which can now track visual acuity and nystagmus, a condition often linked with albinism, and research and development into early-stage therapies for albinism.

Little Breaths

In 2023 Croydon Health Charity launched a campaign to raise money for two ventilators for critically unwell children cared for at Croydon University Hospital.

Staff nominated, with the appeal backed by a former employee, Bluewater agreed to match fund up to £10,000 to enable the purchase of the second ventilator – the first having been funded during a campaign earlier in the year.

The fundraising target was reached in March 2024 and the children's unit now has both urgently-needed ventilators.

West London Action for Children

This year we are supporting a new charitable organisation, West London Action for Children. It provides free professional counselling and therapy services to low-income families in need of mental health support in Hammersmith & Fulham and Kensington & Chelsea.

We will be funding a child and adolescent psychotherapist while also supporting the Dads Matter parenting group, a group for fathers or male carers who are looking to improve their relationships with their children.



Bluewater team members visit St Augustine's School, Kilburn

The importance of ESG to our future strategy



Frazer Blyth

Director, Investor Relations
& Marketing

When I am on the road talking to current and prospective investors, it is always fascinating when the subject of ESG arises. I do not always know in advance if the investor is a proponent of ESG principles or not, but in any event, I never shy away from presenting ESG 'the Bluewater way'. In my experience, what all investors do agree on is that if an ESG programme is authentic and focused on specific data driven metrics that can be monitored and create value, then ESG is a positive force that creates a better company.

Bluewater's ESG story dates back to 2017, when we developed our first roadmap. It was ambitious and, in truth, it challenged us – we knew we would be tested as we sought to deliver on all the objectives it set us. Fast forward to 2024, and we have negotiated two roadmaps while ESG is now an integral part of everything we do at Bluewater and across our portfolio. We certainly do not tick green boxes here – we drive ESG improvements in any way we can.

There is one other pertinent question at this time: as Bluewater heads into a fundraising year, does ESG matter?

The answer is undoubtedly yes, and for two very distinct reasons. First, energy demand continues to grow year-on-year and currently we do not have enough resources to keep pace with demand. So energy is a good space in which to invest: its growth will be at least linked to GDP, or even higher. Second, energy is uniquely positioned to directly address global CO2 emissions.

We believe a well balanced, risk adjusted energy investment strategy, linked to an integrated ESG programme focused on driving efficiency and decarbonising, creates a powerful investment proposition in this new energy age.

Our efforts over recent years have taken us to a point at which our investment strategy and ESG programme are now fully linked. This synergy will be critical to our fundraising work, inspiring investors to view the energy sector as a positive and attractive investment option.



“Our efforts over recent years have taken us to a point at which our investment strategy and ESG programme are now fully linked.”



Previous ESG Reports:



2023



2022



2021

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