RESPONSIBLE INVESTORS

An Integrated Approach to ESG
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Cover: Blackstone portfolio company Altus Power America’s Spartan solar power generation field in North Hanover, N.J.
Introduction

Environmental

Social

Governance

Going Beyond Returns

Throughout Blackstone’s history, we’ve focused on creating long-term value for our investors, the companies and properties in which we invest, and the communities where we live and work. Environmental, social and governance (“ESG”) principles are part of our DNA and woven into the fabric of how we invest and operate businesses.

A good company challenges the status quo; a great company changes it for the better. We know that when ESG policies and practices are executed properly, they can improve the financial performance of our portfolio companies and investments, better position them for long-term sustainable growth and strengthen the communities in which they operate. We play an essential role in supporting businesses, increasing economic resiliency and accelerating growth in critical sectors of the economy. Our investments do everything from supporting more durable supply chain logistics to discovering new medical innovations, all of which help the global community and economy.

This report explains how we fulfill our commitment to be responsible investors, owners and operators by reducing our environmental impact, fostering growth and diversity across our portfolio, upholding stringent governance practices, and providing philanthropic support to our communities. We couldn’t be prouder of our mission, our people and what we do.

As one of the world’s largest alternative asset managers, we are uniquely positioned to have an impact when implementing our ESG initiatives across our portfolio. We are proud of our positive influence on the companies and properties in which we invest, our investors — including more than 31 million U.S. pensioners — who entrust us with their capital, and our communities.

“From its founding, Blackstone has dedicated itself to being a responsible corporate citizen. Our commitment to ESG is embedded into every investment decision we make and I take personal pride knowing that the founding principles and values the firm was built on still govern us today.”

Stephen A. Schwarzman
Chairman, CEO and Co-Founder

Jon Gray
President and COO

Stephen A. Schwarzman
Chairman, CEO and Co-Founder

Jon Gray
President and COO
Our Approach

Driving positive impact for our investors, companies and communities.

We invest in companies and properties to make them stronger.

$65.9B+
invested to improve our companies and properties and nearly $1.69B spent on R&D since Blackstone’s acquisition(i)

We help build stronger communities and drive economic growth.

$1B+
in healthcare savings for portfolio companies through our Equity Healthcare platform(ii)

80k+
veterans hired at portfolio companies(iii)

We provide teachers, nurses, firefighters and other pensioners with greater financial security.

$168B
in gains for our investors since inception, supporting the retirement of 31M+ U.S. pensioners(iv)

Blackstone’s flat structure, entrepreneurial spirit and meritocracy provide employees considerable room to grow and have led to several recognitions, such as Great Place to Work certification and #1 Best Place to Work in Money Management for the fifth year.

Certified Great Place to Work for the 4th year in a row(v)

MULTI-YEAR WINNER
2013 2014 2017 2018 2019
Blackstone by the Numbers

**Environmental**

~50% lighting energy reduction in Blackstone’s New York headquarters where energy improvements were implemented[^vi]

2x increase in Manhattan’s solar capacity with nearly 10k rooftop solar panels at Stuyvesant Town, making it the largest private multi-family rooftop solar array in the U.S.

Significant energy savings realized at a number of portfolio companies, particularly those that offer the greatest opportunity for savings and that have been fully engaged on all elements of our Sustainability Program.

**Social**

$100M+ committed globally by the Blackstone Charitable Foundation since 2007[^vii]

100% — Blackstone’s score on HRC’s Corporate Equality Index for LGBTQ-inclusive workplace policies and practices

Committed to hiring 100k veterans through our Veterans Hiring Initiative by 2022

2x — Blackstone employees volunteer and donate to giving campaigns twice as much as the national corporate average[^viii]

**Governance**

50% of Blackstone’s primary businesses have a woman or minority as one of its top two leaders

50% of the independent private equity board seats we staffed in 2019 were with women

**OUR APPROACH AT WORK**

Through the course of our 11-year ownership interest in Hilton, the company grew to more than 5,300 properties, 863,000 rooms and nearly 400,000 employees. In 2019, Fortune magazine recognized Hilton as the #1 Best Place to Work in the U.S. Blackstone also helped make the company more environmentally sustainable through a wide variety of energy efficiency initiatives. Between 2008–2018, Hilton reduced carbon emissions by 30%, waste by 32% and energy and water by 22%, saving more than $1 billion.
A Systematic Approach

ESG is at the very core of our business practices. We are committed to being a responsible investor and we incorporate ESG principles into everything we do.

We evaluate ESG matters as a standard part of our investment process, starting at the preliminary stages of a deal. By sharing expertise across our portfolio, we support our companies and investments and extend our impact.

We believe that companies and properties can increase profitability and long-term growth, not in spite of, but as a result of their sustainability efforts. Our approach to environmental sustainability focuses on:

- implementing measurable operational interventions;
- providing technical assistance, tools and expertise gained from implementing sustainability programs at scale across a broad portfolio; and
- investing in large-scale renewable energy opportunities.

We invest in our talented people and the communities in which we live and work. Within Blackstone and throughout our portfolio, we promote:

- diversity and inclusion;
- hiring veterans and their spouses;
- monitoring and upholding labor and employment standards;
- improving access to quality healthcare; and
- economic development and job creation through our Charitable Foundation.

Establishing and implementing good governance policies is an integral part of our investment process. We focus on primary drivers of governance:

- incorporating guidelines for responsible investing;
- conducting consistent due diligence to promote high standards for investing and transparency;
- directly monitoring our portfolio’s adherence to strong governance policies; and
- sharing best practices across our portfolio.
An Integrated Team

ESG considerations and functions are fully integrated across our business.

ESG Structure

The firm’s ESG efforts are guided and supported by our ESG Steering Committee which is comprised of professionals from disciplines and business units across Blackstone.

Leadership:
Christine Anderson
Global Head of Public Affairs
John Finley
Chief Legal Officer

HUMAN RESOURCES
Lead internal diversity program

GLOBAL CORPORATE SERVICES
Manage sustainability efforts across our offices

CHARITABLE FOUNDATION
Lead philanthropy and employee engagement efforts

INVESTMENT TEAMS
Incorporate relevant ESG factors into the investment process

ASSET MANAGEMENT & PORTFOLIO OPERATIONS
Execute ESG-related operating interventions across the portfolio

LEGAL & COMPLIANCE
Monitor adherence to ESG policies

ESG TEAM — Coordinate ESG program firmwide

ESG STEERING COMMITTEE

- Involved outside the investment process
- Involved in the investment process
Introduction | Environmental | Social | Governance

Six Steps to Integrated and Effective Governance

**PRE-INVESTMENT**

**COMMIT**
We commit to being a responsible corporate citizen.

**ESTABLISH**
We establish a clear and distinct ESG procedure during the due diligence phase of the investment process.

**INCORPORATE**
We incorporate insights and findings from ESG due diligence into the investment decision-making process.

**POST-INVESTMENT**

**PROMOTE**
We promote ESG review procedures portfolio-wide and verify that ESG-related issues are adequately resolved.

**MONITOR**
We consistently monitor and work with each portfolio company to ensure adherence to strong governance principles and policies.

**MAINTAIN**
We maintain transparency and disclosure with our investors.

**THE VALUE OF GOOD CORPORATE GOVERNANCE**

Many people wonder how and why we evaluate ESG performance. We consider ESG evaluation material work that can’t be done casually or periodically, so it requires the right process and resources as well as a clear mandate from the top.

We want companies and properties that are well run and led by effective and diverse management teams with employees who feel happy and proud to work there. We view our work as valuable and important in both delivering for our investors and being responsible investors and owners. For an asset manager, engaging in this critical aspect of due diligence before deciding to make an investment is time well spent.
ESG AT WORK

The Cosmopolitan\(^{(ix)}\)

In 2014, Blackstone bought the Cosmopolitan, a fully integrated resort and casino located in the heart of the Las Vegas strip. We invested over $475 million after purchasing the resort for $1.8 billion to transform it into one of the most dynamic properties on the Las Vegas strip and have set a high standard for ESG integration across our hospitality portfolio. As a result of our efforts to reduce energy consumption, the Cosmopolitan has been awarded a Four Globe certification by the Green Building Initiative.

We also reached a landmark, first-time labor agreement with the Culinary Workers Union Local 226 and the Bartenders Union Local 165 covering over 2,700 professionals in the food, beverage, housekeeping, bar and lounge and bell departments. Blackstone has been recognized multiple times by UNITE HERE, the union of hospitality workers, as a “responsible private equity real estate manager.” They note that we “continue to be leaders in partnering with UNITE HERE in their hospitality portfolios.”

“At the Cosmo, we undertook a comprehensive review of the property’s environmental impact, and ultimately invested significant capital and brought our deep expertise and experience in the lodging space to institute best-in-class ESG practices throughout the resort.”

- Giovanni Cutaia, Global Head of Asset Management in the Real Estate Group

- 3.2k+ tons recycled in the last 2 years with improved waste separation efforts
- 11k+ volunteer hours completed by employees who participated in over 200 volunteer events in 2019
- 18% reduction in energy consumption resulting in $1.8M in savings over the last 6 years

Achieved Four Green Globe certification (LEED platinum equivalent)
A Systematic Approach to Sustainability

We believe that companies and properties can increase profitability and long-term growth because of their sustainability efforts. By managing energy, water consumption and waste more efficiently, we reduce our environmental impact while achieving cost savings for our portfolio, assets and our investors.

By integrating environmental considerations into every step of our investment process, from acquisition to portfolio management, we seek to create lasting benefits for our portfolio companies, investments and the communities in which we live and work.
Global Scale: Managing Sustainability

Blackstone's private equity and real estate businesses comprise nearly 250 portfolio companies with roughly half a million employees spanning a wide range of industries and geographies including a global real estate portfolio valued at $329 billion. This enables us to produce evidence-based insights to drive better environmental results and to improve operating performance portfolio wide.

We have drawn on our scale and portfolio company insights to build a comprehensive, firm-wide sustainability program. The program started in earnest within our Real Estate and Private Equity businesses ten years ago when we began working with our hospitality assets to implement fast and low-cost approaches to improving energy performance — including rebuilding toilets and faucets, installing low-flow shower heads, transitioning to LED lighting and improving A/C systems. Over time, these simple fixes have expanded into a comprehensive firm-wide program that has led to a number of our portfolio companies and investments achieving significant energy savings during our ownership.

COMMITED TO ENERGY TRANSITION

As long-term investors, we understand that the transition to renewable energy will take decades. Demand for energy overall will continue to grow and, due to current lack of necessary infrastructure, renewables cannot keep pace with worldwide economic expansion and a growing population.

While we will continue to invest across the energy landscape, exploration and production (E&P) investments make up less than 3% of the fair market value of Blackstone’s entire portfolio. We have also significantly reduced our holdings in coal: today coal makes up less than 0.1% of Blackstone’s total portfolio.\(^{(x)}\)

Since 2011, Blackstone has committed over $7 billion to renewable energy investments. Our capital deployment has accelerated growth of clean energy companies and positively impacted the environment.
Our Approach

Across Our Portfolio

Under the leadership of our Chief Sustainability Officer Don Anderson, we have worked with portfolio companies and properties over the past decade to reduce energy consumption with operational efficiency improvements through the Blackstone Sustainability Program. We help our portfolio companies and properties make and maintain these behavioral changes with a set of tools:

- **DASHBOARDS AND SCORECARDS** track and analyze utility usage, initiatives, spend and savings, carbon emissions and more
- **TOOLKITS** handheld diagnostic tools deployed to identify risks and savings opportunities
- **WEBINARS** share best practices within the network of engineers across the portfolio

**ENVIRONMENTAL CERTIFICATIONS**

With energy consumption improvements, we helped Willis Tower become the largest building in the U.S. to earn a LEED Platinum rating.

Stuyvesant Town awarded LEED for Communities Platinum in 2018 and 2019, the first in N.Y. State.

Since 2016, 85% of new construction in BioMed’s U.S. portfolio is LEED certified or targeting for LEED certification.

The Cosmopolitan resort has been awarded Four Green Globe rating by GBI, the equivalent of LEED Platinum certification.
Blackstone's approach to sustainability is directly tied to our business mission. Our interventions increase our portfolio's resilience, support growth initiatives, reduce safety risk from equipment failure, and speed management alignment during M&A. They also have a meaningful impact on our portfolio's environmental footprint.

Blackstone's focus on “the magic” of action-oriented sustainability has yielded considerable results and critical lessons. Although we continuously learn from experience, our examples prove that our position allows us to scale, act nimbly, and start fast out of the gate.

DON ANDERSON
CHIEF SUSTAINABILITY OFFICER

Blackstone Offices

We have taken a number of steps to successfully reduce our environmental footprint across the firm. For example, we install energy efficient lighting, daylight and occupancy sensors in all new office buildouts and retrofits. Our paper shredding and recycling program helped save 829 trees, 146 cubic yards of landfill, over 18,400 gallons of oil, over 339,000 gallons of water, and 194,000Kw of electricity in 2019.

100% of power purchased by Blackstone’s London office is from renewable energy suppliers and that office is a zero-waste-to-landfill facility.

100% of all major in-person events produced by Blackstone are paperless.

829 trees saved in 2019 by our paper shredding and recycling program.
BioMed Realty: “Fast Find & Fix”

BioMed Realty (BioMed) is a leading owner of life science office buildings in the U.S. and U.K. with 80 assets totaling 11 million square feet and 100% of value concentrated in top-tier life science markets. BioMed promotes sustainable operations for biopharma companies and has expertise across a range of real estate services, from development and construction to financing and property management. Blackstone acquired BioMed Realty in 2016 and has since implemented several sustainability projects through our “Fast Find & Fix” site assessment, including LED lighting retrofits and upgraded building systems, resulting in annual energy cost savings of $2.2 million for the company.

BioMed aims to build state-of-the-art properties that also deliver energy efficient, sustainable solutions to its clients and communities. For example, i3 is a campus in San Diego, California featuring extensive exterior glazing that promotes natural light with operable windows, a green roof tray system with native sedums and plantings on each of the buildings, and on-site fuel cell renewable energy generation. BioMed achieved LEED® Platinum certification for this development, contributing to the 4.6 million square feet of LEED certified buildings in its portfolio.
A History of Renewable Investments

Our equity and debt investments in renewables have had a significant impact over the past decade:

2011
Sponsored the development of Meerwind, a 288MW offshore wind farm located in the North Sea that produces enough energy to power approximately 360,000 homes.

2012
Bujagali, Blackstone’s 250MW greenfield hydroelectric power generation project in Uganda achieved full commercial operation.

2013
Blackstone Energy Partners (BEP) sponsored the development of Ventika, a 252MW onshore wind farm. Construction was completed in 2016. The farm is expected to help Mexico meet its 2025 renewable generation goal.

~4M tons of CO₂ are projected to be displaced annually through renewable energy assets developed and built under Blackstone’s ownership, the equivalent of taking ~864k passenger cars off the road. (xvii)
Established Onyx Renewable Partners. Since inception, Onyx has developed 170MW of solar projects.

2017
Vivint Solar, acquired by Blackstone in 2012, surpassed 100,000 customers and began offering battery storage.

Onyx is a leading developer of commercial and industrial solar projects in the United States.

Vivint Solar has grown to become one of the leading installers of residential rooftop solar in the United States and has installed 1.4GW of residential solar projects since inception.

2019
GSO and Blackstone Insurance Solutions (BIS) led the recapitalization of Altus, positioning the company for continued growth.

Altus is one of the largest independent owners of distributed generation solar in the U.S.

2020
GSO partnered with Loanpal, a leading technology platform for residential solar loans in the U.S. Loanpal combines its expertise in technology, data and lending to make clean energy more accessible for homeowners.

Through Loanpal’s platform, GSO will provide financing for solar systems to 10,000 homeowners, dramatically decreasing the carbon footprints of their homes.

$7B invested in acquiring, building or financing renewable projects since 2010
ESG AT WORK

Our Approach in Action: StuyTown

Stuyvesant Town–Peter Cooper Village (“StuyTown”) is our largest residential property globally, with over 11,200 apartments in 56 buildings across 80 acres in Manhattan.

When we acquired StuyTown in 2015, we voluntarily preserved 5,000 units of affordable housing. Before our investment, many of the buildings required capital improvements, maintenance calls took two weeks to answer, and resident satisfaction was low. Blackstone brought professional management to the property and engaged with tenants to improve their experience — ultimately doubling resident satisfaction.

In 2019 we completed the largest private multifamily rooftop solar project in the U.S., installing nearly 10,000 solar panels. Additionally, StuyTown has reduced on-site greenhouse gas emissions by 15% since 2007.

CORE HOUSING PRINCIPLES

StuyTown embodies our approach to housing, which consists of several core housing principles that we implement across our portfolio including: maintaining high standards across our properties, open and transparent communication with tenants, best-in-class management, meaningful capital investment, respect for our tenants, and community impact and sustainability.
The investment in solar energy is a win-win-win. It lowers our operational costs, reduces StuyTown’s overall greenhouse gas emissions, and provides a long-term sustainable future for the property.”

- Kathleen McCarthy
Global Co-Head of Real Estate
At Blackstone, we know it takes more than capital to build great companies – it takes great people. We believe that when companies take care of their employees and the people in their communities, everyone benefits.
Introduction

Environmental Social Governance

Within Blackstone
Creating a supportive environment through our high-impact affinity groups — Blackstone’s Women’s Initiative, Blackstone Diverse Professionals Network, OUT Blackstone and Blackstone Veterans Network — to foster recruitment, retention and development of our employees.

Across Our Portfolio
Supporting the hiring of diverse professionals across the C-Suite, board level and in the workforce, and improve access to affordable and quality healthcare for U.S. portfolio company employees and their families.

In the Broader Community
Promoting inclusive economic development, job creation, and volunteer opportunities through our Charitable Foundation.
Blackstone Women’s Initiative

“The Women’s Initiative serves as an engine of programming so that we can ensure that women feel included and supported as they not only join Blackstone, but as they grow their careers here.”

- Wesley LePatner
  COO of Blackstone Real Estate Income Trust and Core+ Real Estate

50% of our primary businesses have a woman or minority as one of its top two leaders(xx)

~70% of our corporate group heads are diverse(xix)

50% of the independent private equity board seats we filled in 2019 were with women

45% of Blackstone’s 2020 incoming analyst class is female, up from less than 20% six years ago
The Blackstone Women’s Initiative was founded in 2011 with a mission to attract, develop and retain talented women and create a strong community of female professionals across the firm. The Initiative provides a platform for female employees to enhance their work experience, connect globally and access career development tools. The network engages employees with over 70 events annually, including a speaker series, quarterly newsletters, networking events, and service opportunities.

Women are not a minority in the country at large, but they are a minority in finance. At Blackstone, whether we are reviewing an investment idea, creating a new fund, re-thinking technology or working on any number of initiatives, we don’t rely on one or two smart people in the room. We expect everyone to bring a valued perspective and share a point of view. To get the best thinking, to drive the best outcomes, we need diverse backgrounds and diverse learnings.

Early on, when we measured how many women we had on a percentage basis entering our incoming analyst classes, it was relatively small — less than 20% per year. We evaluated the reasons and recognized we needed to begin reaching out to women on college campuses earlier in their academic careers and subsequently launched a program to invite talented female sophomores from a wide variety of schools to spend a day and a half at Blackstone for resume and interview workshops, learn case studies and network with our professionals and one another. As a result, we have seen an increase to 45% women in our most recent incoming analyst class.

Our hope is that these efforts will have a multiplier effect within Blackstone. Many of the women engaged in our programs are now at the middle part of their careers and doing quite well. To me, the future is seeing these women become managing directors and partners.
People First

“Our exceptional people are what make Blackstone — and our portfolio companies — great. We know that investing in our people only strengthens our firm.”

– Paige Ross
Global Head of Human Resources

Respect at Work

Respect is a cardinal rule at Blackstone. As the firm continues to strive for excellence in its business practices and performance, we expect this same level of excellence in the way Blackstone employees treat each other, clients, vendors and members of our communities. The firm holds Respect at Work training programs throughout the year for new hires and all employees are responsible for creating and maintaining a work environment that is built on these core values.
Working Parents Network

Operating out of the New York, London and Dublin offices, Blackstone’s Working Parents Network provides parents an internal support system where they can share their experiences and learn from one another. In partnership with other affinity groups, the network hosts lunch and learn sessions featuring external speakers who offer advice and insight on how to balance family lives with fulfilling careers and other topics of interest to parents.

Robust Benefits

In an effort to recruit and retain top talent, Blackstone offers competitive family policies. Our family leave policy includes up to 16 weeks of fully paid primary caregiver leave after birth or adoption, and we offer secondary caregiver leave, a phase-back program, fertility and surrogacy coverage, adoption reimbursement, back up child care and Milk Stork services to support traveling mothers.
Investing in Diversity and Inclusion

Future Diverse Leaders Program & Future Women Leaders

Blackstone’s Future Women Leaders Program and Diverse Leaders Program are annual interactive two-day events hosted in New York and London that provide high-achieving sophomore women and ethnically diverse candidates early exposure to the financial services industry and Blackstone through seminars, resume and interview workshops, technical training, networking events, and ongoing mentorship. Our Future Women Innovators Program is a similar offering focused on exposing and attracting women to the technology industry.
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WITHIN BLACKSTONE

Committing to Creating a Diverse and Inclusive Workforce

In 2014, Blackstone launched our Diverse Professionals Network to improve the recruitment, retention, and development of a more diverse workforce.

We know that having a team with a range of experiences, backgrounds, and perspectives makes us better investors. The network aims to elevate the discussion of diversity within the industry more broadly and to leverage our existing initiatives throughout the firm globally. The group hosts speakers, networking events, discussions and volunteer activities to bring professionals from across the firm together.

We demonstrate our commitment to diversity through all of our efforts to attract, recruit, develop and retain employees at every level, both in our programs to bring young employees to the firm and with our external partnership with organizations like Sponsors for Educational Opportunity (SEO) and the Robert Toigo Foundation (Toigo). Once employees are here, we maintain a robust calendar of opportunities for diverse talent to connect and grow through speaker events, career panels, dine-arounds and mentoring programs. Additionally, we have Diversity and Country Champions who help drive diversity and inclusion efforts across our businesses and countries.

The Importance of Diversity

The Diverse Professionals Network is an important part of Blackstone because mentorship plays a significant role in all young professionals’ lives. We want our junior employees to feel connected to successful leaders in the firm that come from diverse backgrounds. Conversely, our senior leaders aim to bolster young talent to cultivate stronger representation of minorities in the workforce.

At Blackstone we believe it’s everyone’s responsibility to hire and promote the best and brightest from a variety of backgrounds to build on our foundational standard of excellence. With greater representation of opinions, backgrounds and experiences, we are able to make better investment decisions.

VERDUN PERRY
GLOBAL HEAD OF STRATEGIC PARTNERS

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The Diverse Professionals Network is an important part of Blackstone because mentorship plays a significant role in all young professionals’ lives. We want our junior employees to feel connected to successful leaders in the firm that come from diverse backgrounds. Conversely, our senior leaders aim to bolster young talent to cultivate stronger representation of minorities in the workforce.

At Blackstone we believe it’s everyone’s responsibility to hire and promote the best and brightest from a variety of backgrounds to build on our foundational standard of excellence. With greater representation of opinions, backgrounds and experiences, we are able to make better investment decisions.

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SEO Scholars: Mentoring Tomorrow’s Leaders
Since 2016 the Blackstone Charitable Foundation and Blackstone’s Diverse Professionals Network have partnered with Sponsors for Educational Opportunity (SEO) Scholars to offer an engaging and impactful mentoring program for Blackstone employees and students. SEO Scholars is a free, eight-year academic program that helps underserved public high school students get into and graduate from college. The program boasts a 90% college graduation rate. In high school, SEO provides intensive year round academic preparation through a carefully calibrated, rigorously assessed course of supplemental education.

The program offers young professionals the opportunity to mentor 11th-grade scholars for an academic year as they prepare their college applications. Blackstone has had over 90 employees in the United States and London serve as SEO Scholars Mentors and celebrates the continued success of past SEO Scholar mentees who were accepted into top colleges such as University of Pennsylvania and Cornell.

Blackstone was additionally a founding member of the Pension Real Estate Association (PREA) Foundation, which aims to further the interests and values of the institutional real estate investment community by advancing industry-wide diversity and inclusion. Our funding supports the PREA Foundation’s partnership with SEO and the new PREA/SEO Real Estate Track program.
OUT Blackstone

“To us at OUT Blackstone, pride means dignity and self-respect – empowering all facets of the LGBT+ community. It means I can be out at work and focus on being the best lawyer I can be.”

– Marshall Sprung, Global Head of Compliance

OUT Blackstone was launched to create a supportive environment in which LGBT+ employees can be authentic and bring their full selves to work. The network encourages the recruitment, recognition and retention of talented LGBT+ individuals. OUT Blackstone also hosts workshops and speaking events, volunteers on behalf of notable organizations serving the LGBT+ community, and sponsors networking events.

In just the few years since it launched, OUT Blackstone has seen the firm take its place among a select group of companies to be recognized by the Human Rights Campaign Corporate Equality Index as a Best Place to Work for LGBT+ Equality two years running. The network has hosted over a dozen events, brought many educational and motivational speakers to the firm, and sponsored numerous community outreach and volunteer events.

Blackstone has been recognized for our inclusive workplace policies with a 100% score on the Human Rights Campaign’s Corporate Equality Index for LGBTQ-inclusive workplace policies and practices.
Diversity Across Our Portfolio

Our portfolio operations team and asset management teams work with portfolio companies to cultivate diversity, helping source diverse hires in the workforce and in leadership positions. We also support greater diversity initiatives and monitor portfolio companies’ recognitions for successful programs.

OPPORTUNITY HIRING INITIATIVE

As part of our new Opportunity Hiring Initiative, Blackstone partners with placement organizations YearUp and LaborX to help portfolio companies recruit promising talent from opportunity-challenged backgrounds.

ACHIEVEMENTS & RECOGNITION

We are proud of the achievements and recognition our portfolio companies have received for employee initiatives.

In 2019, EQ Office created a cross-company network within Chicago’s Willis Tower, Women of Willis, to help female tenants build new relationships.

Nexus Malls was awarded “Best Organization for Women Empowerment” at the Women Empowerment Summit & Great Indian Women Leadership Awards 2019.

Launched a Women’s Network inclusive of portfolio company professionals in 2020.

Established SEED, a program aimed at fostering women’s development.

50% of the independent private equity board seats we filled in 2019 were with women.
Investing in Healthcare and Life Sciences

Transforming the Way Our Portfolio Companies Think About Healthcare

We founded Equity Healthcare LLC (EH) in 2008 to help our portfolio companies by harnessing the aggregate purchasing power of our portfolio companies to enable them to get higher quality healthcare at a lower cost. EH offers access to high-quality, affordable healthcare with customized clinical and administrative services. We help our portfolio companies determine their optimal employee healthcare strategy based on their unique needs.

EH has saved our portfolio companies more than $1 billion from their annual spend by serving as an interface between portfolio companies and best-in-class healthcare suppliers, like Aetna, CVS, United Healthcare, and IBM Watson Health; and working with insurers to innovate and customize services and initiatives that ensure more informed employees and more integrated care from providers. More than 200,000 individuals are engaged in the platform and they report being three times as satisfied with their healthcare experience compared to industry averages.²⁴

LIFE SCIENCES

Blackstone Life Sciences (BXLS) targets highly innovative medicines and products with the potential to save lives or improve patients’ quality of life. This includes investments in biopharmaceutical products, medical devices, diagnostics, and healthcare data science.

While life sciences is seeing unprecedented innovation driven by rapid advancements in science and technology, it often lacks the necessary funding to bring medicines and healthcare technologies to market and ultimately to patients. The BXLS team is addressing this challenge by committing its skill and scale to fund and advance what we believe to be the most promising life sciences products through hands-on involvement and directly applied expertise.
CASE STUDY

Our Commitment to American Heroes

“It is our duty and honor to support American veterans and their families. These motivated men and women deserve our respect and gratitude — and their unique experiences and perspectives help make us and our portfolio companies stronger.”

– Stephen A. Schwarzman
Chairman, CEO & Co-Founder of Blackstone

Navy SEAL Foundation

In 2016, the Navy SEAL Foundation honored Blackstone with that year’s Patriot Award for our Veterans Initiative. Steve Schwarzman accepted the award on behalf of the firm at the New York City 8th Annual Benefit Dinner.

The event raised a record $9.3 million, to which Blackstone contributed $4 million raised from employees.

MOTEL 6 — #1 VETERANS EMPLOYER BY MILITARY TIMES

Our portfolio company Motel 6 has been recognized for its commitment to serving the military community. In 2020, for the third year in a row, Motel 6 ranked No. 1 in the Military Friendly® Employer’s list and placed in the top 20 of Military Times’ “Best for Vets” employers annual ranking.

$1M committing by Blackstone to organizations supporting veterans

ORGANIZATIONS SUPPORTED INCLUDE:
Blackstone Veterans Hiring Initiative

We firmly believe in providing for those that served the United States. We are an industry leader in supporting the employment and professional development of veterans and military families. In 2013, we launched the Blackstone Veterans Hiring Initiative with the White House’s Joining Forces program, an effort to provide veterans and their families resources and opportunities in wellness, education, and employment.

Through the Initiative, we set out to hire 50,000 veterans across our portfolio by 2018. We met our goal a year early and have pledged to hire another 50,000 veterans by 2022. To date we have hired over 80,000 veterans, spouses and caregivers and aim to reach 100,000 in the near term.

The Initiative hosts summits, calls, and working groups on recruitment, integration, and retention of veterans. We co-chair the National Employment Task Force and partner with The George W. Bush Institute, the US Chamber of Commerce and the Department of Labor on veteran and spouse employment challenges. Our work has helped create a hiring playbook for veterans, which has been distributed across the industry and throughout the U.S. government.

Blackstone Veterans Network

Within the firm, Blackstone’s Veterans Network cultivates a community of veterans and advocates to recruit and retain talented veterans and military leaders, who add value with unique perspectives and enhance Blackstone’s business and culture. The Blackstone Military Internship Program (MINT) offers internships, networking opportunities, and mentorship to provide necessary support and guidance for military personnel entering the financial services industry. MINT is also an essential part of our strategy to build a more diverse and inclusive talent pipeline.

80K+ veterans, spouses and caregivers hired across the portfolio
“By nurturing the next generation of entrepreneurs, the Blackstone Charitable Foundation creates jobs, expands regional entrepreneurial ecosystems, and helps underserved communities with access to their regional innovation economies.”

- Amy Stursberg
  Executive Director of the Blackstone Charitable Foundation

Supporting Economic Growth Through Entrepreneurship

We have spent the last 35 years building businesses that provide high-quality jobs and strengthen communities. We understand firsthand that entrepreneurship is crucial to economic growth, innovation, and prosperity. That’s why, in 2007, during the time of Blackstone’s initial public offering, our employees helped found the Blackstone Charitable Foundation, which aims to advance entrepreneurial activity and combat issues of economic disparity in the United States and abroad. Through the Foundation’s Entrepreneurship Initiative, we invest philanthropic and human capital to empower entrepreneurs and provide access to resources and networks to pursue their ideas and grow their businesses. The Initiative has inspired entrepreneurship through a cohort of programs, including Blackstone LaunchPad, Blackstone Entrepreneurs Network, and the Blackstone Inclusive Entrepreneurship Challenge.
Blackstone LaunchPad\textsuperscript{(xxv)}

Recognizing students today will drive the economy of the future, Blackstone LaunchPad & Techstars brings resources and a valuable network to college campuses across the globe, offering a unique and dynamic entrepreneurship program and unparalleled network access that helps students succeed in their ventures and careers. While LaunchPad seeks to help all students succeed, no matter where their journey takes them, we operate with a commitment to ensuring success is inclusive of underserved populations. We plan to expand the program to historically black colleges and universities (HBCUs), community colleges and university systems to better reach those underserved populations.
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In the Broader Community

SPOTLIGHT

Student Entrepreneur

Helping to Launch the Next Great Start-Up

Blackstone LaunchPad & Techstars, currently operating on 24 college campuses, hosts an annual global convening for top collegiate entrepreneurs to receive support and guidance from industry leaders. The program is helping entrepreneurs like Syracuse University’s Joshua Aviv, 2014 LaunchPad participant and CEO of SparkCharge, a start-up that makes portable, ultrafast charging units for electric vehicles. During the annual event, SparkCharge competed against seven other entrepreneurial ventures to win the Demo Day award, which included a $15,000 cash prize, and the opportunity to participate in Techstars’ FounderCon. At FounderCon, Aviv and his team met with business leaders from companies like Google, Uber, Lyft, and Ford. SparkCharge has since won a million dollars from another business competition, has been featured in Forbes, Charged Magazine, and RIDE Magazines, and has a successful B2B sales strategy partnering with EV OEMs to make Aviv’s product available to all electric car owners.

Blackstone Entrepreneurs Network

Understanding that entrepreneurs fuel regional economies through job creation, the Blackstone Entrepreneurs Network program strengthens an ecosystem by connecting high-growth company CEOs with high-touch mentors from a pool of successful entrepreneurs and community members, resulting in business growth that far outpaces industry standards. The Foundation started the program in North Carolina and expanded to Colorado, supporting over 190 local companies with mentorship, guidance, and strategic advice from nearly 360 successful entrepreneurs and business leaders.

15k jobs created
Inclusive Challenge

Acknowledging that opportunity is not always equally distributed, the Blackstone Charitable Foundation launched the Inclusive Entrepreneurship Challenge to provide underserved entrepreneurs explicit and equitable access to resources and opportunities for growth. First launched in Chicago in collaboration with Mayor Rahm Emanuel, the Challenge provided funding for organizations in Chicago supporting entrepreneurs of color, women and veterans.

Entrepreneurship means having a great social impact on every layer of our society.... As entrepreneurs, we have the ability to create change in our communities faster and on a deeper level than many other people.”

– Joshua Aviv
CEO, SparkCharge

The Impact of the Blackstone Charitable Foundation

Blackstone was founded by entrepreneurs — it’s in our DNA. Our programs have changed over time, but since we began our work 10 years ago, we have stuck to our mission to empower entrepreneurs, generate job growth, and support communities in which we live and work.

When we started, we saw an urgent need to spur job creation, so we created the Blackstone Entrepreneurs Network and Blackstone Accelerates Growth to connect mentors and high growth entrepreneurs in regional ecosystems. We also established the Blackstone Inclusive Entrepreneurship Challenge in Chicago to strengthen underserved communities that are too often left out and left behind.

We created Blackstone LaunchPad 10 years ago with the understanding that students and young people are tomorrow’s job creators. From the lessons we’ve learned about what works and doesn’t, we hope to scale this program to focus more on inclusive student entrepreneurship, providing access to more state university systems, Historically Black Colleges and Universities and other communities where Blackstone is present.
Community Service

Blackstone Connects: Supporting Communities

Blackstone is a global company with offices in over 20 cities around the world, and our trademark of excellence extends to each of the communities in which we live and work. Blackstone Connects, the employee engagement arm of The Blackstone Charitable Foundation, leverages our employees to maximize the impact of our philanthropic investments.

Since 2010, Blackstone Connects has committed over $35 million globally to the communities we serve.

The Foundation operates at the intersection of the interests of our employees, the strengths of the firm, and the needs of our communities. We engage the time and talent of our people, at all levels of the firm, in the following ways:

- Addressing issues that impact our communities through traditional and skills-based volunteerism
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**SPOTLIGHT**

**BX Gives Back Challenge**

Sponsored by the Blackstone Charitable Foundation, the BX Gives Back Challenge is a competition for employees to win funding for charities of their choice. Through a competitive selection process, the firm’s leadership and the Foundation’s Board of Directors judge teams on the project’s impact, innovation and scalability; the team’s analysis of the project goals and financials; and the strength of the organization’s leadership and partnership.

In 2019, the Blackstone Charitable Foundation awarded five $100,000 grants to the top five finalists and $25,000 grants to the remaining five finalists. Winning organizations included Magic Bus, an Indian nonprofit that builds life skills and resilience in underserved youth through education; Getting Out & Staying Out (GOSO), an organization focused on reducing the recidivism rate among young incarcerated males in New York City; and Good360 Australia, a nonprofit that matches goods with people in disaster relief efforts.

- Building capacity in our nonprofit partners through pro bono consulting and board service
- Investing in nonprofits through targeted fundraising initiatives, strategic grant-making and our BX Gives Back Challenge grant competition
- Participating in mentorship programs to prepare young people for college success or workforce readiness

250+ employees from every business group and nearly every office submitted applications

$625k distributed to nonprofit organizations around the globe

COMPANIES AND GROUPS BLACKSTONE EMPLOYEES HAVE HELPED FORM:
Good Governance

Good governance means upholding the highest ethical standards and business practices.
"Due diligence and transparency are fundamental parts of our commitment to deliver high performance and sustainable, long-term growth for our investors. They are fully integrated into every aspect of our core business."

- John Finley
  Chief Legal Officer
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Approach to Due Diligence

At Blackstone, we uphold the highest ethical standards and business practices in our investment process. We take continual and substantial measures to ensure accountability and to strengthen our corporate governance capabilities, including rigorous pre- and post-acquisition due diligence, active monitoring of our investments, and adherence to industry principles. Our investment teams evaluate ESG issues starting at the preliminary stages of a deal, and work directly with the ESG team on an interactive review process:

1. Conducting due diligence to assess any risks related to environmental issues, labor and employment practices, governance policies, and cybersecurity
2. Seeking investment committee approval
3. Ongoing monitoring

To support our portfolio companies and investments post-acquisition, we provide resources, tools, and strategies to help implement and maintain an optimal compliance program.

We send out annual questionnaires to portfolio companies and our BAAM investment managers to evaluate how they are tracking, reporting and addressing ESG issues.

Portfolio companies over which our credit business GSO exerts significant influence, are also included in the quarterly and annual data collection process.

STRATEGIC PARTNERSHIPS

- **RepRisk**
  - ESG data science and quantitative solutions
  - Proactive, independent monitoring of ESG risks and incidents in the portfolio

- **BSR**
  - Partnership with BSR to drive deeper engagement with our portfolio companies

- **SASB**
  - Incorporating SASB framework into diligence and asset management process

- **GIIN**
  - Member

- **GRESB**
  - Active participant

- **INVEST EUROPE**
  - Blackstone professionals serve on the Board and Responsible Investment Roundtable
ESG Review

**ENVIRONMENTAL**
- Gather information on recent environmental audits, existing environmental litigation, etc., where applicable; engage environmental consulting firms as needed

**LABOR AND EMPLOYMENT**
- Assess compliance of labor/employment practices with applicable labor laws; engage consulting firms as needed
- Assess union relationships and participate in collective bargaining, where applicable

**GOVERNANCE**
- Review governance and compliance with FCPA, U.K. Bribery Act and other applicable anti-bribery and anti-corruption laws; engage FCPA/anti-corruption consulting firms as needed
- Verify compliance with OFAC and other applicable trade sanctions
- Review GDPR compliance program

**CYBERSECURITY**
- Cybersecurity Due Diligence Questionnaire introduced as a tool for enhanced due diligence; engage consulting firms as needed
- Collaboration between investment teams and Blackstone Cybersecurity for support when additional diligence is required or to determine whether post investment remedial steps may be needed
A lot of the work we do to measure and monitor ESG issues in due diligence is led by the ESG team. We send out an annual ESG questionnaire to all our portfolio companies that focuses on issues around workplace safety, labor law compliance, human rights, achievements in sustainability, diversity initiatives, charitable giving, and more.

To support our portfolio companies, we provide resources, tools, and strategies to help implement and maintain an optimal ESG program. We systematically work with portfolio companies regarding anticorruption practices and regulatory risk, and conduct targeted reviews on specific matters for portfolio companies that may be exposed to higher ESG-related risk. Ultimately, we aim to collect portfolio-wide statistics to quantify impact and indicate trends from year to year.

**RESPONSIBLE INVESTING PRINCIPLES**

We played a leadership role in helping our industry craft responsible investing principles. The American Investment Council’s “Guidelines for Responsible Investing” in 2009 and the British Private Equity and Venture Capital Association’s “Guidelines for Disclosure and Transparency in Private Equity.”

**AIC Guidelines for Responsible Investing**

1. Consider environmental, public health, safety and social issues
2. Remain accessible to stakeholders
3. Grow and improve companies with responsible issues in mind
4. Use governance structures for audit, risk management and conflicts of interest
5. Provide safe and healthy workplaces and comply with national, state and local labor laws
6. Implement anti-bribery policies
7. Respect human rights and prohibit child or forced labor
8. Be transparent and timely in sharing ESG information with limited partners
9. Encourage adoption of these principles across the portfolio
As we onboard a portfolio company, we have proactive and early engagement with General Counsels and Chief Compliance officers to provide:

- Introduction to Blackstone Legal & Compliance professionals
- Overview of important restrictions and obligations (e.g., ESG, anti-corruption and sanctions matters)
- Guidance on considerations for building a comprehensive and effective compliance program
- Resources such as guidance on good governance practices and employee training materials
- Invitation to connect with General Counsels of other Blackstone portfolio companies
- Focus on ESG at board meetings and implementing ESG leads at our real estate portfolio companies

Once companies are in our portfolio we have a continued dialogue to share knowledge and encourage best practices, including:

- ESG updates included in board books
- Quarterly and ad hoc meetings ensure escalation and resolution of ESG matters
- Collaboration and sharing of best practices across Blackstone portfolio companies

BAAM conducts similar due diligence on its managers on an ongoing basis and engages them in periodic ESG roundtable discussions.
“We invest significant capital to maintain and improve our properties and provide best-in-class management, while creating thousands of jobs and contributing to local economies.”

- Ken Caplan
Global Co-Head of Real Estate

**CASE STUDY**

The UK’s Iconic Railway Arches: A Tenants-First Approach

In February 2019, Blackstone Property Partners (BPP) and Telereal Trillium (TT) acquired Network Rail’s U.K. commercial property estate, comprised of over 5,200 rental units with diverse uses including last mile logistics and storage, retail, food and beverage, office and leisure. Together, BPP and TT launched The Arch Company, the largest small and medium enterprise (SME) landlord in the U.K. to manage the portfolio and made a public promise to support tenants and create a Tenants’ Charter.

The principles that guide our relationship with our tenants are set out in The Arch Company Tenants’ Charter, published in 2019. The Charter’s guiding principle is to preserve the unique ecosystem of the estate, ensuring new and existing SME’s flourish over the long-term. It is a product of many months of constructive dialogue with key stakeholders and most importantly, our tenants through a comprehensive tenant survey and focus groups across the country.

The Charter outlines The Arch Company’s long-term commitment to a ‘tenants first’ approach, engaging with all tenants and communities in an open and responsive manner and making the arches better places to work, build and run businesses. The Charter is underpinned by four principles:
Being an accessible and responsible landlord

Providing environments that help arch businesses thrive

Working in partnership with tenants — supporting diverse and independent businesses and working with tenants to develop suitable rent and lease policies

Creating positive social and economic impact.

Additionally, in recognition of the importance of environmental sustainability, the Arch Company recently launched a program to more accurately record energy usage within the estate, as a first step towards energy efficiency. Ultimately the objective is to increase sustainability of the portfolio by reducing energy consumption and decreasing carbon emissions.
“Every place that you focus your efforts can see a change. Your passion can be used for good. People are going to benefit from all that you do — so go out and do it.”

– Jon Gray
President and COO