Blackstone

Expanding Workforce Opportunity, Building Strong Businesses

Workers power our economy. Blackstone believes that being attentive to the wellbeing of its portfolio companies' employees is foundational to building successful businesses—and is aligned with our duty as fiduciaries. We recognize that long-term value for our investors is best created by being mindful of employee rights, protections, and welfare. This includes investing in health and safety, competitive compensation and benefits, as well as training and skill development. As part of these efforts, we have expanded access to economic opportunity for employees at our portfolio companies through several signature initiatives.

Veterans Hiring

Through Blackstone's Veterans Hiring Initiative our portfolio companies have hired more than 100,000 veterans, veteran spouses and caregivers. We believe veterans bring unique value to our businesses and are committed to supporting their career opportunities.

High-quality Talent Pools

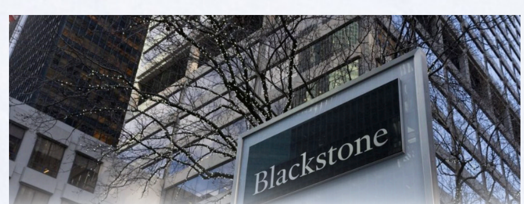
Blackstone's Career Pathways initiative seeks to create value by broadening the pipeline for high-quality talent at our portfolio companies—with over 8,500 hires from historically untapped talent pools at over 55 participating companies since its inception in 2020.

Shared Employee Success

We announced what we believe is the largest-ever shared ownership initiative at a PE-backed company for 18,000 eligible Copeland employees. Going forward we intend to provide broad-based worker eligibility for equity-linked bonuses at our new large-scale, US, control PE investments.

THE WALL STREET JOURNAL.

Blackstone to Grant Equity to Most Employees in Future U.S. Buyouts



see full article on page 3

Workforce Principles

We have long encouraged our portfolio companies to adopt and maintain strong workforce management policies for their employees. We have outlined 10 core principles guiding these efforts:

1. **INVEST** in worker training to expand career development opportunities at all job levels.
2. **COMPLY** with all national, state, and local laws, including those pertaining to wages, health, worker safety, labor relations, pensions, and insurance.
3. **PROVIDE** market competitive wages, incentive opportunities, and benefits for employees.
4. **MAKE** occupational health and safety a top priority.
5. **PROVIDE** for practical, reasonable work hours and reliable work schedules.
6. **CONSIDER** potential adverse impacts on employees resulting from mergers, acquisitions, restructurings, reorganizations, and other corporate transactions.
7. **PROHIBIT** discrimination, harassment, and retaliation in the workplace, encourage diversity of opinions and backgrounds, and treat employees with respect and dignity. Recruit from a wide pipeline of high-quality talent, including historically untapped pools.
8. **COOPERATE** with and bargain in good faith with workers who have chosen to be represented by unions. Portfolio companies should not make threats, create an atmosphere of intimidation or fear, or retaliate against employees who are exercising their right to freedom of association.
9. **RESPECT** the human rights of workers by prohibiting illegal underage or forced labor, including in company supply chains.
10. **ENCOURAGE** policies and practices for workers to safely report, without fear of retaliation, concerns which they have and any violations of these principles. Encourage portfolio company management to share these principles with their workers; and establish an open line of communication with employees and any labor union representing their workers.

Blackstone works with portfolio companies to advance these principles through appropriate governance structures, including boards of directors. Blackstone also conducts due diligence prior to making an investment to identify any potential issues, implement these principles, and take appropriate remedial actions when necessary.

100M+
pensioners our clients serve

$9B+
across nearly 150 union pension funds advised by Blackstone

100,000+
veterans, veteran spouses and caregivers hired

The Cosmopolitan of Las Vegas

In connection with our successful sale of The Cosmopolitan hotel in 2022, we recently awarded 5,000 hotel employees, including a significant number of union employees, a $5,000 bonus as a sign of our appreciation. When Blackstone acquired The Cosmopolitan in 2014, management negotiated with the Culinary Workers Union Local 226 and Bartenders Union Local 165 of UNITE HERE to secure approximately 2,000 stable jobs, with contracts that remained in place after our sale of the property.

Hilton Hotels

During our 2007–2018 investment in the company, Hilton led the hospitality industry as one of the first brands to enter into successor labor agreements with UNITE HERE in six major North American cities. Agreements were reached—covering nearly 10,000 employees—well in advance of contract expiration and without any labor disruptions. UNITE HERE featured Blackstone on its List of Responsible Private Equity Managers in the Hospitality Industry.

THE WALL STREET JOURNAL.

Blackstone to Grant Equity to Most Employees in Future U.S. Buyouts

By Miriam Gottfried | 21 May 2024

Blackstone wants rank-and-file employees at the companies it buys to own a piece of their business.

The investment giant will grant equity to most employees at its large U.S. buyouts, executives at the firm said. The initiative, which it plans to announce to its investors at a conference this week, will apply to all new deals going forward in which its private-equity business buys control of a company.

The plan by Blackstone, whose $143 billion private-equity business employs more than 400,000 people via its portfolio companies, is part of a broader movement in the buyout industry to expand ownership beyond management ranks.The firm is kicking the program off by giving ownership to the roughly 18,000 employees of Copeland, the former climate-technologies unit of Emerson Electric, which Blackstone bought last year in a $14 billion deal. Employees must be at the company, a maker of products used in commercial and residential heating as well as cooling and cold storage, when Blackstone sells the business or takes it public to receive the equity incentive. The amount of the payout will be tied to the firm's return on the investment.

Blackstone is following in the footsteps of rival KKR, which in 2011 began implementing broad-based employee-ownership programs at all of its industrial companies, later extending them to the rest of its U.S. portfolio companies. Pete Stavros, KKR's global co-head of private equity, pioneered the model and in 2022 launched Ownership Works, a nonprofit that seeks to promote shared ownership and aid companies in rolling out broad-based stock programs.

The nonprofit counted 19 private-equity firms among its founding partners, including KKR, Apollo Global Management, Ares Management, Silver Lake and TPG, each of which pledged to introduce shared ownership at a minimum of three companies by the end of 2023. Blackstone wasn't on the list. Blackstone had already implemented broad-based ownership programs at some of its companies such as Legoland-owner Merlin Entertainments and didn't feel the need to join Ownership Works to expand that to others, according to Joseph Baratta, global head of private equity. Baratta said the firm sees broad-based ownership as an extension of an effort already under way to provide more opportunities for lower-level workers.

In 2020, Blackstone launched a program aimed at recruiting people who might not have otherwise had the chance to apply, such as those without a college degree, military veterans and refugees. "In what we're trying to do across our portfolio, broad-based equity ownership is just a part of a much more important path," Baratta said.

Embracing broader ownership could help the private-equity industry attract and retain more workers in a tight labor market. Proponents say it helps lower-level workers build wealth and better aligns their interests with those of management and shareholders, leading to better investment outcomes for the private-equity firms. Companies that have adopted it say it also makes employees more engaged and less likely to quit.

This initiative is subject to applicable legal restrictions and internal Blackstone criteria regarding company size, number of employees and employee tenure at portfolio company.