

## Second-Party Opinion

# Blackstone Property Partners Europe Holdings S.à r.l. Green Financing Framework



## Evaluation Summary

Sustainalytics is of the opinion that the Blackstone Property Partners Europe Holdings S.à r.l. Green Financing Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2023. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds – Green Buildings, Renewable Energy, Energy Efficiency, and Clean Transportation – are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 9, and 11.



**PROJECT EVALUATION AND SELECTION** BPPEH's Sustainability team will be responsible for identifying eligible projects. BPPEH's Green Finance Committee will review and approve selected projects in line with the amount of funds available. BPPEH implements the Responsible Investing Policy of its parent company Blackstone Real Estate. The policy is applicable to all allocation decisions made under the Framework and mandates that relevant material ESG considerations be factored into all equity investments as applicable. BPPEH's sustainability and asset management teams are responsible for monitoring ESG risks. Sustainalytics considers the project selection process in line with market practice.



**MANAGEMENT OF PROCEEDS** BPPEH's Green Finance Committee will be responsible for the management and allocation of proceeds through a portfolio approach, using an internal tracking system and accounting records. BPPEH may temporarily use unallocated proceeds to finance debt repayments, capital expenditures, and working capital. Regarding multi-tranche loans, BPPEH will only label tranches of such facilities in which proceeds will be allocated to eligible projects and assets under the Framework. This is in line with market practice.



**REPORTING** BPPEH commits to report the allocation of proceeds on its website annually until full allocation and while green financing instruments are outstanding. Allocation reporting will include information on the amount of proceeds allocated, the list of eligible green investments financed with a geographical split of the proceeds, and the balance of unallocated proceeds. In addition, BPPEH intends to report on relevant impact metrics where feasible. Sustainalytics views BPPEH's allocation and impact reporting as aligned with market practice.

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<b>Evaluation date</b>	March 20, 2025
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<b>Issuer Location</b>	Luxembourg, Grand Duchy of Luxembourg
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## Report Sections

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Introduction.....	2
Sustainalytics' Opinion .....	3

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## Introduction

Blackstone Property Partners Europe Holdings S.à r.l. (“BPPEH” or the “Company”), a subsidiary of Blackstone Property Partners Europe, is a real estate investment company with a focus on acquiring, managing and leasing primarily logistics, residential and office buildings in Europe.<sup>1</sup> As of December 2024, the Company managed a portfolio valued at EUR 12.1 billion with 752 assets.<sup>2</sup> Blackstone’s global real estate business is referred to as Blackstone Real Estate.<sup>3</sup>

BPPEH has developed the Blackstone Property Partners Europe Holdings S.à r.l. Green Financing Framework (the “Framework”), dated March 2025, under which it intends to issue green bonds,<sup>4</sup> obtain loans,<sup>5</sup> and offer debt private placements, and use the proceeds to finance or refinance, in whole or in part, existing or future projects intended to enhance the building stock in the countries where the Company operates. The Framework defines eligibility criteria in four areas:

1. Green Buildings
2. Renewable Energy
3. Energy Efficiency
4. Clean Transportation

BPPEH engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)<sup>6</sup> and the Green Loan Principles 2023 (GLP).<sup>7</sup> The Framework will be published in a separate document.<sup>8</sup>

### Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>9</sup> opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by the International Capital Markets Association (ICMA), and the Green Loan Principles 2023, as administered by LMA, APLMA and LSTA.
- The credibility and anticipated positive impacts of the use of proceeds.
- The alignment of the issuer’s sustainability strategy and performance, and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.18, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

<sup>1</sup> As at December 31 2024, BPPEH operated in the UK, Germany, France, the Nordics (Sweden, Denmark, Norway and Finland), the Netherlands, Italy, Spain, Ireland, Poland and Switzerland. Source: Blackstone Property Partners Europe Holdings, ‘2024 Combined Annual Report’, (2024), at: <https://bppeh.blackstone.com/documents/>

<sup>2</sup> Blackstone Property Partners Europe Holdings, “Overview”, at: <https://bppeh.blackstone.com/>

<sup>3</sup> BPPEH, “Blackstone Property Partners Europe Holdings, Investor Presentation”, (2024), at: <https://bppeh.blackstone.com/wp-content/uploads/sites/9/2024/09/BPPEH-Investor-Presentation-Sep-2024.pdf>

<sup>4</sup> BPPEH has confirmed to Sustainalytics that: i) the Framework may include corporate secured and unsecured bonds; ii) the type of secured or collateral bond will be specified as per the voluntary process guidelines published in the June 2022 Appendix 1 of the GBP 2021, and that there will be no double counting of the green projects and any other outstanding green financing.

<sup>5</sup> BPPEH has confirmed to Sustainalytics that i) the Framework may include term loans, unsecured bank facilities, secured mortgages, multi-tranche loans, lines of credit and revolving credit facilities; ii) all drawn amounts will be required to align with the eligibility criteria set out in the Framework; and iii) there will be no double-counting of projects and any other outstanding financing labelled “green” or equivalent.

<sup>6</sup> The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

<sup>7</sup> The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>

<sup>8</sup> The Blackstone Property Partners Europe Holdings S.à r.l. Green Financing Framework will be available at: <https://bppeh.blackstone.com/an-integrated-approach-to-sustainability/>

<sup>9</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

As part of this engagement, Sustainalytics held conversations with various members of BPPEH's management team to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. BPPEH representatives have confirmed that: (1) They understand it is the sole responsibility of BPPEH to ensure that the information provided is complete, accurate and up to date; (2) That they have provided Sustainalytics with all relevant information; and (3) That any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and BPPEH.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that BPPEH has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Blackstone Property Partners Europe Holdings S.à r.l. Green Financing Framework

Sustainalytics is of the opinion that the Blackstone Property Partners Europe Holdings S.à r.l. Green Financing Framework is credible, impactful and aligned with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
  - The eligible categories – Green Buildings, Renewable Energy, Energy Efficiency and Clean Transportation – are aligned with those recognized by the GBP and GLP.
  - BPPEH has established a lookback period of two years for refinancing within the Renewable Energy, Energy Efficiency, and Clean Transportation Use of Proceeds categories.
  - Under the Green Buildings category, BPPEH may finance or refinance the acquisition, construction, refurbishment, and consultation costs to achieve third-party certifications for new and existing assets that have received or are expected to receive the following third-party certifications:
    - BREEAM Very Good or above;<sup>10</sup> LEED Gold or above;<sup>11</sup> DGNB Gold or above;<sup>12</sup> HQE Excellent or above<sup>13</sup> Miljöbyggnad certification Silver or above;<sup>14</sup> or energy performance certificate (EPC) A or above.
    - Sustainalytics considers the BREEAM Excellent certification to be aligned with market practice and encourages BPPEH to select BREEAM-certified buildings that score high enough in the energy category (which Sustainalytics regards as the most important category) to fulfil the requirements for BREEAM Excellent in that category. Further,

<sup>10</sup> BREEAM: <https://bregroup.com/products/breeam/>

<sup>11</sup> LEED: <https://www.usgbc.org/leed>

<sup>12</sup> DGNB: <https://www.dgnb.de/en/certification/buildings/>

<sup>13</sup> HQE: <https://www.greenbuilding.saint-gobain.com/hqe-international>

<sup>14</sup> Miljöbyggnad: <https://www.sqbc.se/certifiering/miljobyggnad/>

Sustainalytics notes that existing logistics buildings face additional challenges in achieving higher certification levels, such as BREEAM Excellent or above, mainly due to the lack of data availability for operational buildings. That said, Sustainalytics considers the use of the BREEAM Very Good certification to be aligned with market expectations for existing logistics buildings and encourages BPPEH to strive for higher levels where feasible.

- The Issuer has confirmed to Sustainalytics that in the case of construction or refurbishment i) only the renovations to achieve third-party certification will be financed and not the asset value of the building, unless the refurbishment results in an eligible certification; and ii) buildings designed for the purpose of extraction, storage, transportation or manufacture of fossil fuels will be excluded from financing under the Framework.
- Sustainalytics considers this to be aligned with market practice.
- Under the Renewable Energy category, BPPEH may finance or refinance the acquisition, refurbishment, development, construction or installation of the following new and existing energy transition investments:
  - Solar panel installations.
  - Battery storage installations, connected to on-site renewable energy, or the local grid. BPPEH has confirmed that more than 67% of newly enabled generation installed capacity in the system will be below the emissions threshold of 100 gCO<sub>2e</sub>/kWh, measured on a life-cycle basis in accordance with electricity generation criteria, over a rolling five-year period. Additionally, Sustainalytics notes that all countries<sup>15</sup> where investments are currently located are part of the interconnected European system. Sustainalytics recognizes the critical need to expand utility-scale storage systems to enable the expansion of renewable energy, while also noting that the environmental benefit of storage systems depends on the carbon intensity of the grid to which they are connected, and that deploying such assets to carbon-intensive grids or associated systems may result in increased emissions intensity.
  - BPPEH has confirmed that power purchase agreements, or virtual power purchase agreements will not be financed under the Framework.
  - Sustainalytics considers the expenditures under this category to be aligned with market practice.
- Under the Energy Efficiency category, BPPEH may finance or refinance the following:
  - The acquisition, installation, maintenance or repair of energy efficiency equipment, including insulation, lighting, HVAC, air source heat pumps, and water systems including grey water recycling, rainwater harvesting, and closed loop heating and cooling systems.
    - BPPEH has confirmed that heat pumps financed under the Framework will i) be limited to electric heat pumps; ii) not use refrigerants with high global warming potential (GWP); iii) have a refrigerants management plan in place with measures to monitor and minimize leakages.
    - BPPEH has confirmed that water systems used to treat wastewater from activities that have harmful social or environmental impacts, such as industrial scale livestock, will be excluded from financing under the Framework.
  - The acquisition, installation, maintenance or repair of instruments and devices to measure and control the energy performance of buildings, including advanced metering infrastructure, smart meters, load control systems, sensors, building information systems, and building management system upgrades.
    - Sustainalytics notes that BPPEH may elect to finance smart meters for gas. While noting that the financing of these assets is consistent with the EU Taxonomy Delegated Act, Sustainalytics notes that such investments may still prolong fossil fuel consumption.

<sup>15</sup> Investments are currently located in: UK, Germany, Italy, France, Nordics (including Sweden, Denmark, Norway, and Finland), the Netherlands, Spain, Ireland, Poland and Switzerland.

- Upgrading of building exteriors, including roof, wall, or window upgrades which lead to insulation improvements.
    - BPPEH has confirmed to Sustainalytics that energy efficiency expenditures designed or intended for processes that are inherently carbon intensive, driven or powered by fossil fuels will be excluded under the Framework.
    - Sustainalytics considers the expenditures under this category to be aligned with market practice.
  - Under the Clean Transportation category, BPPEH may finance or refinance the procurement, acquisition, refurbishment, development, construction or installation of the following:
    - Electric vehicle charging stations.
    - Transport and cycling facilities, including cycling lanes and bicycle storage.
    - BPPEH has confirmed to Sustainalytics that parking facilities are excluded from financing under the Framework.
    - Sustainalytics considers investments under this category to be aligned with market practice.
- Project Evaluation and Selection:
  - BPPEH's Sustainability team will be responsible for identifying eligible projects that are in line with the Framework's eligibility criteria. BPPEH's Green Finance Committee will review and approve projects in line with the amount of funds available. The committee consists of representatives from various business units, including Acquisitions, Asset Management, Capital Markets, Sustainability and Finance, among others.
  - BPPEH implements Blackstone Real Estate's Responsible Investing Policy, through which it identifies and reviews relevant sustainability factors to mitigate risk as an integral part of investment decisions. Under the policy, Real Estate group acquisition and origination professionals undertake ESG-related due diligence as applicable on all equity investments to evaluate material ESG factors.<sup>16</sup> BPPEH's Sustainability and Asset Management teams are responsible for monitoring ESG risk. Sustainalytics considers these environmental and social risk management systems to be adequate. For additional details, refer to Section 2.
  - Based on the established process for project evaluation and the presence of a risk management system, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
  - The Green Finance Committee will be responsible for the management of proceeds, which will be monitored through an internal tracking system at the portfolio level.
  - The Framework may include multi-tranche financing instruments. BPPEH has confirmed to Sustainalytics that it will only label the tranches of such facilities in which proceeds will be allocated to eligible projects and assets under the Framework.
  - Pending full allocation, unallocated proceeds may temporarily be used for debt refinancing, capital expenditures, and working capital. BPPEH has confirmed that it will not use temporary proceeds to invest in carbon-intensive activities.
  - Based on the use of an internal tracking register and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - BPPEH commits to report annually on its website the allocation of proceeds and their corresponding impacts, where feasible, aligned with the ICMA Harmonized Framework for Impact Reporting (June 2024)<sup>17</sup>. The Company will report on an aggregated basis until full allocation and while green financing instruments are outstanding.
  - Allocation reporting will include information such as the following: i) Total amount of proceeds allocated; ii) List of eligible green investments financed; iii) Geographical split of proceeds; and iv) Balance of unallocated proceeds. BPPEH will appoint an independent third party to verify the allocation of proceeds on an annual basis upon new allocation or re-allocation of proceeds.
  - BPPEH confirms that in case of revolving credit facilities under the Framework, it will report on the allocation of funds drawn from the revolving credit facilities until their maturity.
  - The impact metrics may include information such as the following: i) Green building certification schemes and levels of the buildings; ii) Annual renewable energy generated (MWh); iii) Annual energy savings (MWh); iv) Annual GHG emissions reduced or avoided (MtCO<sub>2e</sub>); v) Number of

<sup>16</sup> BPPEH shared the "Blackstone Real Estate Responsible Investing Policy" with Sustainalytics confidentially.

<sup>17</sup> ICMA, "Handbook: Harmonised Framework for Impact Reporting", (2024), at: <https://www.icmagroup.org/assets/documents/Sustainable-finance/2024-updates/Handbook-Harmonised-Framework-for-Impact-Reporting-June-2024.pdf>

- charging stations installed; and vi) Case studies highlighting additional details on featured investments.
- Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

### **Alignment with the Green Bond Principles 2021 and Green Loan Principles 2023**

Sustainalytics has determined that the Blackstone Property Partners Europe Holdings S.à r.l. Green Financing Framework aligns with the four core components of the GBP and GLP.

## **Section 2: Sustainability Strategy of BPPEH**

### **Contribution to BPPEH's sustainability strategy**

BPPEH incorporates its parent company Blackstone Real Estate's sustainability strategy and goals. Blackstone's Real Estate Sustainability Programme<sup>18</sup> includes environmental actions such as: i) Expanding the use of renewable energy through on-site solar and procurement at select properties; ii) Evaluating potential physical and transition climate risks in its portfolio; and iii) Incorporating green clauses in its new commercial leases. BPPEH also has a target to achieve green building certifications for all its office properties within the first two years of acquisition. Regarding BPPEH logistics and residential assets in its portfolio, BPPEH communicated to Sustainalytics that as of December 2024, 24% of BPPEH's logistics assets achieved an Energy Performance Certificate (EPC) rating of A+, A and 28% of the residential assets have achieved an EPC of B or above.

BPPEH adheres to the Blackstone Emissions Reduction Programme (ERP)<sup>19</sup>, which aims to reduce scope 1 and 2 emissions by 15% on average across in-scope investments acquired since 2021. This reduction target applies within the first three full calendar years of ownership.<sup>20</sup> The ERP target applies to majority-owned<sup>21</sup> operating companies, which represent 37% of BPPEH's portfolio.<sup>22</sup> Additionally, BPPEH has implemented a Decarbonization Accelerator Programme through which it aims to support select portfolio companies and assets with decarbonization efforts. Through this programme, BPPEH helps companies implement strategies to reduce energy costs, prepare for potential regulatory requirements, and improve long-term energy security.

Sustainalytics is of the opinion that BPPEH's Green Financing Framework is aligned with the Company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities. Sustainalytics recognizes BPPEH's target for its office properties, and encourages BPPEH to establish and publicly disclose quantifiable, time-bound targets for other building types within its portfolio and report on its progress towards these targets.

### **Approach to managing environmental and social risks associated with the projects**

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental or social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues involving i) GHG emissions from the building operations; ii) Emissions, effluents and waste generated in building construction; iii) Occupational health and safety; iv) Data privacy and security; and v) Business ethics risks.

Sustainalytics is of the opinion that BPPEH is able to manage and/or mitigate potential risks through implementation of the following:

- In relation to GHG emissions from building operations, the Company's enterprise risk management framework incorporates climate-related risks into its pre-investment due diligence and management processes.<sup>23</sup> As part of its Responsible Investment Policy, the Company seeks to exceed

<sup>18</sup> Blackstone Property Partners Europe Holdings, '2024 Combined Annual Report', (2024), at: <https://bppeh.blackstone.com/documents/>

<sup>19</sup> Blackstone Inc, "2023 Report: Climate-related Financial Disclosures", (2024), at: <https://www.blackstone.com/wp-content/uploads/sites/2/2024/06/2023-BX-TCFD-Report.pdf>

<sup>20</sup> Ibid.

<sup>21</sup> Majority-owned refers to companies where Blackstone: a) holds greater than 50% of the company's common equity, and b) has control over energy usage.

<sup>22</sup> Blackstone Inc, "2023 Report: Climate-related Financial Disclosures", (2024), at: <https://www.blackstone.com/wp-content/uploads/sites/2/2024/06/2023-BX-TCFD-Report.pdf>

<sup>23</sup> Blackstone Europe LLP, "Task Force on Climate-Related Financial Disclosures Entity Report", (2024), at: <https://www.blackstone.com/wp-content/uploads/sites/2/2024/07/Blackstone-Europe-LLP-TCFD-Report-2023-1.pdf>

environmental regulations within its equity investments.<sup>24</sup> The Company offers green lease clauses as standard practice, and seeks to obtain green certifications for all office buildings and new logistics developments within its portfolio.<sup>25</sup> BPPEH's deal team works with environmental consultants, external counsel, and internal legal and compliance professionals to assess material ESG factors relevant to prospective equity investments as applicable.<sup>26</sup> BPPEH integrates relevant ESG factors, including air quality, energy efficiency, and the potential for on-site renewable energy and energy storage systems, into the development and major redevelopment of its properties.<sup>27</sup>

- Regarding emissions, effluents and waste generated in the construction of green buildings, BPPEH requires that relevant ESG factors, including air quality, embodied carbon impacts, waste minimization, water conservation and local habitat protection be considered during the development and major redevelopment of properties. Additionally, BPPEH mandates that an environmental and social impact assessment be carried out as part of the process.<sup>28</sup> All projects must comply with relevant legislation in place within the investee countries that governs environmentally responsible building practices. Sustainalytics notes that BPPEH's operations are based in the EU, UK, Norway, and Switzerland. The UK's National Planning Policy Framework and the Environment Act set out national standards for waste management, resource efficiency, and biodiversity and habitat conservation.<sup>29</sup> In Norway, projects are subject to the country's Pollution Control Act, which establishes guidelines to minimize and prevent pollution, as well as mechanisms to manage waste and effluents generation.<sup>30</sup> Switzerland's Environmental Protection Act<sup>31</sup> and Waste Ordinance law<sup>32</sup> outline environmental protection and construction waste management standards. In the EU, construction projects are required to comply with guidelines and regulations that aim to ensure that waste is managed without endangering human health or causing harm to the environment. These include the EU Construction and Demolition Waste Protocol and Guidelines,<sup>33</sup> the EU Waste Framework Directive,<sup>34</sup> the Waste Electrical and Electronic Equipment Directive<sup>35</sup> and the European Waste Shipment Regulation.<sup>36</sup>
- To manage risks related to occupational health and safety, BPPEH requires continuous monitoring of health and safety on construction sites during property development. This monitoring must consider the health impacts of construction materials and ensure that safety procedures are followed in line with local construction regulations.<sup>37</sup> BPPEH's operations in the EU, UK, Norway, and Switzerland are subject to the following occupational health and safety laws that regulate the rights of workers: the European Council Directive on Safety and Health at Work;<sup>38</sup> the Norwegian Working Environment Act;<sup>39</sup> Switzerland's Code of Obligations and Labour Act;<sup>40</sup> and the UK's Health and Safety at Work etc. Act<sup>41</sup> and Working Time Regulations.<sup>42</sup> Furthermore, Blackstone's Code of

<sup>24</sup> BPPEH shared the "Blackstone Real Estate Responsible Investing Policy" with Sustainalytics confidentially.

<sup>25</sup> Blackstone Europe LLP, "Task Force on Climate-Related Financial Disclosures Entity Report", (2024), at: <https://www.blackstone.com/wp-content/uploads/sites/2/2024/07/Blackstone-Europe-LLP-TCFD-Report-2023-1.pdf>

<sup>26</sup> BPPEH shared the "Blackstone Real Estate Responsible Investing Policy" with Sustainalytics confidentially.

<sup>27</sup> BPPEH shared the "Sustainable Development Considerations" policy with Sustainalytics confidentially.

<sup>28</sup> BPPEH shared the "Sustainable Development Considerations" policy with Sustainalytics confidentially.

<sup>29</sup> UK Ministry of Housing, Communities & Local Government, "National Planning Policy Framework", (2024), at: [https://assets.publishing.service.gov.uk/media/67a610df6006e4154dc498a0/NPPF\\_December\\_2024.pdf](https://assets.publishing.service.gov.uk/media/67a610df6006e4154dc498a0/NPPF_December_2024.pdf)

<sup>30</sup> Government of Norway, "Pollution Control Act", (1981), at: <https://www.regjeringen.no/en/dokumenter/pollution-control-act/id171893/>

<sup>31</sup> Government of Switzerland, "Federal Act of 7 October 1983 on the Protection of the Environment (Environmental Protection Act, EPA)", (1983), at: [https://www.fedlex.admin.ch/eli/cc/1984/1122\\_1122\\_1122/en](https://www.fedlex.admin.ch/eli/cc/1984/1122_1122_1122/en)

<sup>32</sup> Government of Switzerland, "Ordinance on the Avoidance and the Disposal of Waste", (2015), at: <https://www.fedlex.admin.ch/eli/cc/2015/891/en>

<sup>33</sup> European Commission, "EU Construction and Demolition Waste Protocol and Guidelines", (2018), at: [https://single-market-economy.ec.europa.eu/news/eu-construction-and-demolition-waste-protocol-2018-09-18\\_en](https://single-market-economy.ec.europa.eu/news/eu-construction-and-demolition-waste-protocol-2018-09-18_en)

<sup>34</sup> European Parliament, "Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32008L0098>

<sup>35</sup> European Parliament, "Directive 2012/19/EU of the European Parliament and of the Council of 4 July 2012 on waste electrical and electronic equipment (WEEE)", (2012), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32012L0019>

<sup>36</sup> European Commission, "Waste Framework Directive", at: [https://environment.ec.europa.eu/topics/waste-and-recycling/waste-framework-directive\\_en](https://environment.ec.europa.eu/topics/waste-and-recycling/waste-framework-directive_en)

<sup>37</sup> BPPEH shared the "Sustainable Development Considerations" policy with Sustainalytics confidentially.

<sup>38</sup> Council of the European Communities, "Council Directive of 12 June 1989 on the introduction of measures to encourage improvements in the safety and health of workers at work", (1989), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31989L0391>

<sup>39</sup> Norwegian Labour Inspection Authority, "Act relating to the working environment, working hours and employment protection, etc. (Working Environment Act)", at: <https://www.arbeidstilsynet.no/globalassets/regelverkspdf/working-environment-act>

<sup>40</sup> Confédération Suisse, "Législation sur le travail", (2021), at: <https://www.seco.admin.ch/seco/fr/home/Arbeit/Arbeitsbedingungen/Arbeitsgesetz-und-Verordnungen.html>

<sup>41</sup> UK Government, 'Health and Safety at Work etc. Act 1974', (1974), at: <https://www.legislation.gov.uk/ukpga/1974/37/section/2>

<sup>42</sup> UK Government, 'The Working Time Regulations 1998', (1998), at: <https://www.legislation.gov.uk/uksi/1998/1833/contents>

Business Conduct and Ethics outlines that BPPEH must operate within the bounds of laws, rules and regulations affecting the business.<sup>43</sup>

- In relation to data privacy and security, BPPEH discloses its processes for managing customer personal data on its website, providing transparency on how the Company protects personal data, what data it discloses to others, as well as retention and deletion policies.<sup>44</sup> The Company relies on Blackstone Inc's data processing systems<sup>45</sup>, which implement administrative, technical and physical safeguards to protect collected data.<sup>46</sup> BPPEH has identified cyberattacks as an operational risk,<sup>47</sup> and runs annual cybersecurity training for all employees to help them identify and report suspicious activity.<sup>48</sup>
- Regarding business ethics, Blackstone's Code of Business Conduct and Ethics outlines standards for employees on topics such as confidentiality, insider trading, bribery, and ethical business conduct.<sup>49</sup> The Code prohibits employees from dealing unfairly with stakeholders through manipulation, concealment, abuse, concealment or misrepresentation of information, or any other unfair practices.<sup>50</sup> Moreover, the Code stipulates that all employees globally must adhere to applicable US laws and regulations. Blackstone operates a reporting hotline, hosted by a third-party provider, through which employees can report suspected non-ethical and illegal behaviour.<sup>51</sup> As part of its Responsible Investment Policy, BPPEH employs external counsel to complete an anti-corruption review for each new equity investment. The review typically includes assessments of politically exposed persons and entities related to the investment, and an Office of Foreign Asset Control check to ensure US-sanctioned entities are not involved in the investment.
- All countries<sup>52</sup> that BPPEH operates in are recognized as Designated Countries under the Equator Principles,<sup>53</sup> indicating the presence of robust environmental and social governance legislation systems, legislation and institutional capacity to ensure the mitigation of common environmental and social risks associated with projects financed under the Framework.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that BPPEH has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

### Section 3: Impact of Use of Proceeds

The use of proceeds categories are aligned with those recognized by the GBP and GLP. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

#### Importance of financing energy efficiency and green buildings in the EU and the UK

The buildings sector is the largest consumer of energy in the EU, accounting for more than one-third of the EU's energy-related GHG emissions.<sup>54</sup> The UK's building sector is responsible for 41% of the country's energy consumption and 24% of energy emissions, and accounts for 27% of GHG emissions.<sup>55</sup> Considering that 85% of the EU's building stock was built before 2000 and 75% of it is energy inefficient, building renovations are

<sup>43</sup> Blackstone Inc., "Code of Business Conduct and Ethics", (2024), at:

[https://s23.q4cdn.com/714267708/files/doc\\_downloads/gov\\_docs/2024/01/Code-of-Business-Conduct-and-Ethics-2024.pdf](https://s23.q4cdn.com/714267708/files/doc_downloads/gov_docs/2024/01/Code-of-Business-Conduct-and-Ethics-2024.pdf)

<sup>44</sup> BPPEH, "Online Privacy Notice", (2024), at: <https://bppeh.blackstone.com/privacy-notice/>

<sup>45</sup> Blackstone Property Partners Europe Holdings S.à r.l., "BPPEH Offering Circular", (2024), at: <https://bppeh.blackstone.com/wp-content/uploads/sites/9/2024/09/BPPEH-Offering-Circular.pdf>

<sup>46</sup> Blackstone Inc, "Privacy Notice", (2024), at: <https://www.blackstone.com/privacy/online-privacy-notice/#How-We-Protect-Personal-Data>

<sup>47</sup> Blackstone Property Partners Europe Holdings, '2024 Combined Annual Report', (2024), at: <https://bppeh.blackstone.com/documents/>

<sup>48</sup> Blackstone Property Partners Europe Holdings, '2024 Combined Annual Report', (2024), at: <https://bppeh.blackstone.com/documents/>

<sup>49</sup> Blackstone Inc., "Code of Business Conduct and Ethics", (2024), at:

[https://s23.q4cdn.com/714267708/files/doc\\_downloads/gov\\_docs/2024/01/Code-of-Business-Conduct-and-Ethics-2024.pdf](https://s23.q4cdn.com/714267708/files/doc_downloads/gov_docs/2024/01/Code-of-Business-Conduct-and-Ethics-2024.pdf)

<sup>50</sup> Ibid.

<sup>51</sup> Blackstone Inc., "Code of Business Conduct and Ethics", (2024), at:

[https://s23.q4cdn.com/714267708/files/doc\\_downloads/gov\\_docs/2024/01/Code-of-Business-Conduct-and-Ethics-2024.pdf](https://s23.q4cdn.com/714267708/files/doc_downloads/gov_docs/2024/01/Code-of-Business-Conduct-and-Ethics-2024.pdf)

<sup>52</sup> As at December 31 2024, BPPEH operated in the UK, Germany, France, the Nordics (Sweden, Denmark, Norway and Finland), the Netherlands, Italy, Spain, Ireland, Poland and Switzerland. Source: Blackstone Property Partners Europe Holdings, '2024 Combined Annual Report', (2024), at: <https://bppeh.blackstone.com/documents/>

<sup>53</sup> Equator Principles, "Designated & Non-Designated Countries", at: <https://equator-principles.com/about-the-equator-principles/designated-countries/>

<sup>54</sup> European Commission, "Energy performance of buildings directive", at: [https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive\\_en#facts-and-figures](https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en#facts-and-figures)

<sup>55</sup> International Energy Agency, "United Kingdom 2024, Energy Policy Review", (2024), at: <https://iea.blob.core.windows.net/assets/908bba9b-16e1-440b-bd86-5f894b56772d/UnitedKingdom2024.pdf>



expected to play a key role in decarbonization within the EU.<sup>56</sup> Only 11% of the EU's total building stock currently undergoes some level of renovation each year, with only 0.2% of it carrying out deep renovations that reduce energy consumption by at least 60%.<sup>57</sup> The UK's housing stock is the oldest in Europe, with 20.6% of houses built before 1919, and 85% relying on gas heating. Approximately 68% of the housing stock in the UK has uninsulated cavity walls and is therefore energy inefficient.<sup>58,59</sup> Homes in England and Wales have a median EPC band level of D.<sup>60</sup>

In the context of the 2030 Climate Target Plan and the European Green Deal, which set a target for climate neutrality by 2050 and an interim target of a 60% reduction in GHG emissions by 2030, against a 2015 baseline year,<sup>61</sup> the European Commission revised the Energy Performance of Buildings Directive (EPBD) in 2023 to increase the rate of renovation in the EU, among other initiatives. In addition to the goal of achieving climate neutrality in the buildings sector by 2050, the EPBD now calls for a zero emissions target for all new public buildings and new private buildings by 2028 and 2030, respectively. This targets a 60% reduction in emissions from the sector by 2030 compared to 2015.<sup>62</sup> In contrast, the UK's Integrated National Energy and Climate Plan outlines a target to achieve countrywide net zero emissions by 2050.<sup>63</sup> In this context, the UK has established intermediate milestones for a 68% reduction in emissions by 2030 and 78% by 2035 relative to 1990 levels.<sup>64</sup> To meet these targets, GHG emissions from existing residential buildings will need to be reduced by an estimated 50% by 2035, and all new homes will need to be net zero ready by 2025.<sup>65,66</sup> In addition, existing buildings will require deep energy retrofits and new developments will have to meet increasingly stringent standards, including strategies to reduce construction impacts and improve operational energy use and energy efficiency.<sup>67</sup>

Based on the above, Sustainalytics expects Blackstone's financing of energy efficiency improvements to contribute to reducing GHG emissions and energy consumption in the buildings sector in the UK and Europe and to support both in achieving their climate targets.

### Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Blackstone Property Partners Europe Holdings S.à r.l. Green Financing Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

<sup>56</sup> European Commission, "in Focus: Energy efficiency in buildings", (2020), at: [https://commission.europa.eu/news/focus-energy-efficiency-buildings-2020-02-17\\_en?utm\\_source](https://commission.europa.eu/news/focus-energy-efficiency-buildings-2020-02-17_en?utm_source)

<sup>57</sup> European Commission, "A Renovation Wave for Europe - greening our buildings, creating jobs, improving lives" (2020), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1603122220757&uri=CELEX:52020DC0662>

<sup>58</sup> UK Green Building Council, "Climate Change Mitigation", at: <https://www.ukgbc.org/climate-change-2/>

<sup>59</sup> Piddington, J. et al. (2020), "The Housing Stock of The United Kingdom", BRE Trust, at: [https://files.bregroup.com/bretrust/The-Housing-Stock-of-the-United-Kingdom\\_Report\\_BRE-Trust.pdf](https://files.bregroup.com/bretrust/The-Housing-Stock-of-the-United-Kingdom_Report_BRE-Trust.pdf)

<sup>60</sup> Official National Statistics, "Energy efficiency housing in England and Wales: 2024", (2024), at: <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/articles/energyefficiencyofhousinginenglandandwales/2024>

<sup>61</sup> Ibid.

<sup>62</sup> European Commission, "Energy performance of buildings directive", at: [https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive\\_en#facts-and-figures](https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en#facts-and-figures)

<sup>63</sup> UK Department for Business, Energy & Industrial Strategy, "The UK's Integrated National Energy and Climate Plan", (2020), at:

<https://assets.publishing.service.gov.uk/media/60bdd2d2e90e0743ae8c284e/uk-integrated-national-energy-climate-plan-necp-31-january-2020.pdf>

<sup>64</sup> UK government, "UK enshrines new target in law to slash emissions by 78% by 2035", (2021), at: <https://www.gov.uk/government/news/uk-enshrines-new-target-in-law-to-slash-emissions-by-78-by-2035>

<sup>65</sup> UK Green Building Council, "Net Zero Whole Life Carbon Roadmap", (2021), at: <https://ukgbc.s3.eu-west-2.amazonaws.com/wp-content/uploads/2021/11/28194152/UKGBC-Whole-Life-Carbon-Roadmap-A-Pathway-to-Net-Zero.pdf>

<sup>66</sup> UK government, "New homes to produce nearly a third less carbon", (2021), at: <https://www.gov.uk/government/news/new-homes-to-produce-nearly-a-third-less-carbon>

<sup>67</sup> UK Green Building Council, "Net Zero Carbon Buildings: A Framework Definition", (2019), at: <https://www.ukgbc.org/ukgbc-work/net-zero-carbon-buildings-a-framework-definition/>

Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

## Conclusion

BPPEH has developed the Blackstone Property Partners Europe Holdings S.À.R.L Green Financing Framework under which it may issue green bonds, obtain loans, and offer debt private placements, and use the proceeds to finance or refinance, in whole or in part, existing or future projects intended to enhance the building stock in the countries where the Company operates. Sustainalytics considers that the eligible projects are expected to provide positive environmental impacts.

The Blackstone Property Partners Europe Holdings S.À.R.L Green Financing Framework outlines a process for tracking, allocation and management of proceeds, and makes commitments for reporting on allocation and impact. Sustainalytics considers that the Blackstone Property Partners Europe Holdings S.À.R.L Green Financing Framework is aligned with the overall sustainability strategy of BPPEH and that the use of proceeds will contribute to the advancement of the UN Sustainable Development Goals 7, 9, and 11. Additionally, Sustainalytics is of the opinion that BPPEH has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that BPPEH is well positioned to issue green bonds and that the Blackstone Property Partners Europe Holdings S.À.R.L Green Financing Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2023.

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