

Blackstone Mortgage Trust, Inc. (“BXMT”)

Integrated approach to ESG to manage risk and enhance value



Supporting and enhancing our collateral's long term value through sustainability efforts



Investing in our people and the communities in which we live and work



Establishing and implementing good governance policies as an integral part of our process

Blackstone Real Estate ESG & BXMT

Blackstone believes that Environmental, Social and Governance (“ESG”) principles are crucial to developing strong, resilient companies and assets that deliver long term value for our investors. We are committed to integrating ESG within our investment process and operating philosophy.

BXMT’s day-to-day operations are managed by a subsidiary of Blackstone as part of Blackstone’s Real Estate group (the “Manager”). Through its Manager, BXMT draws on Blackstone’s extensive real estate investment platform, network and expertise to preserve and protect shareholder capital while producing attractive risk-adjusted returns.

Blackstone has dedicated global firmwide and Real Estate ESG teams that work across Real Estate vehicles, including BXMT, to build on existing ESG efforts. The following are shared key ESG initiatives of Blackstone and BXMT, unless otherwise indicated. Please visit the [Our Impact](#) tab of the Blackstone website for additional information on Blackstone’s approach to ESG.

Dedicated & Focused Resources

- Key hires include: Blackstone Global Head of ESG (January 2022), Global Head of Diversity, Equity and Inclusion (June 2021), and Global Head of ESG for Blackstone Real Estate (November 2020)

Data Driven & Goal Oriented

- Track key ESG-related attributes of existing BXMT investments to measure progress and drive results
- Consider ESG factors at screening and underwriting stage for potential new BXMT investments
- Incorporate ESG considerations into BXMT loan pricing process
- Require BXMT collateral assets to comply with and in certain cases exceed applicable environmental, health, safety, labor and accessibility regulations

Proactive Engagement

- Developed the BREDS Borrower ESG Resource Guide to support borrowers by sharing ESG best practices and examples of implementation across Blackstone Real Estate equity investments
- Blackstone is a signatory to the Principles for Responsible Investment (PRI)⁽¹⁾
- Advancing diversity & inclusion across Blackstone and its portfolio companies through affinity networks, participation in ESG-related taskforces, and the Blackstone Career Pathways initiative⁽²⁾

BXMT is committed to responsibly managing risk and creating value for its shareholders. We make capital allocation decisions with the ESG factors of our potential collateral and borrowers in mind, and incorporate diligence practices as part of our investment process to identify material ESG matters related to a given asset. While we are lenders and therefore do not control the underlying properties in which we invest, we plan to share best practices gathered across Blackstone’s expansive Real Estate portfolio with our borrowers to enhance their ESG capabilities.

In December 2021, BXMT received an ESG Risk Rating of 19.1 from Sustainalytics⁽³⁾ and was assessed to be at **low risk** of experiencing material financial impacts from ESG factors.

Note: All figures in this report are as of June 30, 2022, unless otherwise indicated. All statements are attributed to Blackstone, unless otherwise indicated. BXMT common shares are generally not directly offered to EEA or EU investors by BXMT. This document is not intended for or directed at such investors. While Blackstone believes ESG factors can enhance long term value, Blackstone does not pursue an ESG-based investment strategy or limit its investments to those that meet specific ESG criteria or standards (except with respect to products or strategies that are explicitly designated as doing so in their offering documents or other applicable governing documents). Any such considerations do not qualify Blackstone’s objectives to maximize risk adjusted returns. There can be no assurance that any Blackstone fund or investment will achieve its objectives or avoid substantial losses, or that these ESG initiatives will be available or successful in the future, will be completed as expected or at all, or will apply to or be implemented uniformly across Blackstone or BXMT investments. ESG initiatives described herein related to Blackstone’s or BXMT’s portfolio or investments are aspirational and not guarantees or promises that all or any such initiatives will be met. BXMT may select or reject investments on the basis of ESG-related investment risks and this may cause BXMT or its investments to underperform relative to other sponsors’ funds and investments which do not consider ESG factors at all or which evaluate ESG factors in a different manner.

(1) As of August 2021.

(2) Career Pathways is a program designed to create employment opportunities and career mobility at Blackstone’s portfolio companies for people from underserved communities, by expanding traditional applicant pools. This program is currently being piloted in the U.S. and Europe.

(3) Copyright ©2022 Sustainalytics. All rights reserved. This publication contains information developed by Sustainalytics (www.sustainalytics.com). Such information and data are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at <https://www.sustainalytics.com/legal-disclaimers>. The receipt of any rating is no assurance that BXMT’s objectives have been achieved or successful.



Environmental

\$6.6B

BXMT loans collateralized by assets certified by assets certified or pursuing sustainability certification⁽¹⁾⁽²⁾

~60%

BXMT office portfolio collateralized by assets certified or pursuing sustainability certification⁽¹⁾⁽²⁾

Considerations in the BXMT Investment Process

- Consider sustainability and environmental impact of property as part of the underwriting and loan pricing process
- Incorporate environmental considerations into loan terms to require ongoing sponsor compliance with applicable laws
- Commission an environmental diligence report from a third party expert for new investments

Corporate Headquarters

- Please view the ESG Update on the [Our Impact](#) tab of the Blackstone website for information regarding sustainability efforts across Blackstone's headquarters and other offices



Social

33%

BXMT Board of Directors is diverse, including our CEO, Katie Keenan⁽³⁾

\$929M

BXMT loans collateralized by affordable housing assets⁽⁴⁾

Considerations in the BXMT Investment Process

- Labor and employment diligence conducted on all potential investment sponsors, including ESG and diversity & inclusion policies
- Evaluate affordability considerations as part of new multifamily loan underwriting

Training and Development at Blackstone

- Robust training and Culture Onboarding required for new hires, annual compliance trainings for all employees
- Affinity networks (Women's Initiative, Diverse Professionals Network, OUT Blackstone and Veterans Network) foster recruitment, retention and development

Community Support

- \$120M+ distributed globally by the Blackstone Charitable Foundation since 2007⁽⁵⁾



Governance

9

BXMT directors

67%

BXMT Board is independent

100%

BXMT Board Committee members are independent

Considerations in the BXMT Investment Process

- Thorough governance diligence of potential investment sponsors, including anti-corruption and anti-money laundering evaluations, and ongoing reviews of property owners and tenants

Conduct, Ethics and Development at Blackstone

- Annual 360-degree firmwide evaluation process, includes metrics on commitment to diversity and inclusion
- Blackstone employee reporting hotline available toll-free, 24 hours a day

BXMT Corporate Governance Policies

- BXMT Code of Business Conduct and Ethics is available on the [Investor Relations](#) tab of the BXMT website
- Separate CEO and Chairman roles, and all Board Committee members are independent
- Dedicated Board Committee oversees investment risk management
- Corporate Governance Committee charter explicitly includes ESG oversight
- Please visit the [Investor Relations](#) tab of the BXMT website for additional information on our corporate governance policies and our recent SEC filings

Please refer to Note on page 1.

(1) Reflects outstanding principal balance as of June 30, 2022 for loans collateralized by new or existing commercial and/or residential buildings that have achieved or expect to achieve regional, national or internationally recognized standards or certifications.

(2) Data is reported by sponsors.

(3) Based on gender, race and sexual orientation, when known.

(4) Reflects outstanding principal balance as of June 30, 2022 for loans for multifamily properties with units that fit locally defined affordable housing programs (e.g., NYC Affordable Housing, NYS Housing Stability and Tenant Protection Act, municipal / sovereign guidelines).

(5) As of June 2021.