Blackstone

Sustainability Related Disclosures

Blackstone Crédit Privé Europe SC

Transparency of the promotion of environmental and social characteristics

Product Name (the "Fund")	LEI number
Blackstone Crédit Privé Europe SC	969500V8FBRWADZY3I12

This disclosure is made in respect of the Fund pursuant to Article 10 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 ("**SFDR**") as supplemented by the Commission Delegated Regulation 2022/1288 of 6 April 2022. This disclosure should not be used as a basis for a decision to invest in the Fund. Such a decision should be based on the Fund's information document, as amended, restated or supplemented from time to time (the "**Information Document**") and by-laws, as amended, restated or otherwise modified from time to time (collectively with the Information Document, the "**Offering Documents**"). In case of discrepancy between this disclosure and the Offering Documents, the Offering Documents shall prevail. This disclosure has been prepared in good faith, but the matters referred to within do not reflect binding aspects of the management of the Fund except to the extent that they are such under the Offering Documents or required to be by virtue of regulatory requirements. Defined terms not otherwise defined have the meaning given to them in the Information Document.

a) Summary

The Fund's investment objective is to deliver attractive risk adjusted returns, primarily through current income, with some balance derived from longer-term capital appreciation. The Fund aims to achieve its investment objectives by investing in a highly diversified portfolio primarily constructed from privately originated investments in European Companies, focusing on floating rate, first lien and senior secured loans, with dynamic exposure to a broad range of other private credit investments as detailed further in the Information Document. To a lesser extent, the portfolio will also invest in liquid debt securities, including broadly syndicated loans.

The environmental and social characteristic promoted by the Fund is engagement with the aim of achieving a minimum environmental, social, sustainability profile of companies in which the Fund invests (such companies, "**Investee Companies**") where the investment is a Private Credit Investment ("**Private Credit Investee Companies**") by reference to a proprietary ESG maturity scoring tool (the "**ESG Maturity Indicator**").

At least 70%[1] of Private Credit Investee Companies will be scored using the ESG Maturity Indicator. The ESG Maturity Indicator was created by Blackstone Credit & Insurance ("**BXCI**") in partnership with a third-party ESG consultant. The ESG Maturity Indicator is a proprietary sector-specific ESG maturity scoring tool based on the Sustainability Accounting Standards Board ("**SASB**") standards. The ESG Maturity Indicator includes assessment of select ESG risks and maturity factors. The score awarded to each company will vary from 0 to 100. Higher scores represent greater ESG maturity. Private Credit Investee Companies scoring 60 or below will be classed as ESG engagement targets ("**ESG Engagement Targets**") and BXCI will seek to engage with them with the aim of improving their environmental, social, sustainability profile by reference to the ESG Maturity Indicator (as well as potentially conducting more general forms of ESG engagement with other Investee Companies). There is no minimum score which must be achieved in order for an investment to be made.

[1] Calculated as a proportion of capital committed to or invested in such investments, measured as at the end of each reporting period.

From the reporting period starting 1 January 2025, at least 60% of the Fund's assets, on average over each reporting period, are expected to be aligned with the promoted environmental and social characteristic of the Fund.

The Fund may make one or more "sustainable investments" within the meaning of Article 2(17) of SFDR but it does not commit to make any such investment. The Fund does not have sustainable investment as its objective.

The Fund may make investments in environmentally sustainable economic activities as defined in Regulation (EU) 2020/852 ("**Taxonomy-aligned**" investments) but it does not commit to make such an investment – it is not part of the Fund's investment strategy to actively seek to invest in Taxonomy-aligned investments.

b) No sustainable investment objective

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.

c) Environmental or social characteristics of the financial product

The Fund will invest its assets mainly indirectly through the ECRED Aggregator. The Fund will invest in the ECRED Aggregator, a subsidiary established as a Luxembourg special limited partnership for the purpose of indirectly holding the Investments of ECRED, in parallel with Blackstone European Private Credit Fund (Master) FCP, a master fund organized as a Luxembourg multi-compartment mutual fund. These disclosures should be read accordingly.

The environmental and social characteristic promoted by the Fund is engagement with the aim of achieving a minimum environmental, social, sustainability profile of Private Credit Investee Companies by reference to the ESG Maturity Indicator.

The ESG Maturity Indicator was created by BXCI in partnership with a third-party ESG consultant. The ESG Maturity Indicator is a proprietary sector-specific ESG maturity scoring tool based on the SASB standards. The ESG Maturity Indicator includes assessment of select ESG risks and maturity factors. The score awarded to each company will vary from 0 to 100. Higher scores represent greater ESG maturity. Private Credit Investee Companies scoring 60 or below will be classed as ESG Engagement Targets and BXCI will seek to engage with them with the aim of improving their environmental, social, sustainability profile by reference to the ESG Maturity Indicator (as well as potentially conducting more general forms of ESG engagement with other Investee Companies).

BXCI believes that its engagement activities may not only improve environmental, social, sustainability profiles, but may also enable better management of long-term investment risks.

d) Investment strategy

The investment strategy used to meet the environmental and social characteristics promoted by the product

The Fund's investment objective is to deliver attractive risk adjusted returns, primarily through current income, with some balance derived from longer-term capital appreciation. The Fund aims to achieve its investment objectives by investing in a highly diversified portfolio primarily constructed from privately originated investments in European Companies, focusing on floating rate, first lien and senior secured loans, with dynamic exposure to a broad range of other private credit investments as detailed further in the Information Document. To a lesser extent, the portfolio will also invest in liquid debt securities, including broadly syndicated loans.

The Fund's investment objective and strategy is described in the Offering Documents. The foregoing is intended only as a summary and in case of discrepancy between this summary and the Offering Documents, those documents shall prevail.

The Fund does not seek to attain its promoted characteristic through the investment selection process – there is no minimum ESG Maturity Indicator score which must be achieved in order for an investment to be made. Instead, the Fund seeks to attain its promoted characteristic through engagement with the aim of achieving a minimum environmental, social, sustainability profile of Private Credit Investee Companies by reference to the ESG Maturity Indicator. Private Credit Investee Companies which have been scored higher than 60 are deemed to have the minimum profile. The ESG Maturity Indicator will be used to assist in identifying potential ESG engagement opportunities with ESG Engagement Targets. At least 70%[2] of Private Credit Investee Companies will be scored using the ESG Maturity Indicator.

The policy to assess good governance practices of Investee Companies

Good governance practices are assessed both as part of the investment underwriting process and as part of ongoing monitoring. The nature and depth of the assessment depends on the type and structure of the investment and other factors such as the availability of relevant information. Assessments may take into account planned actions including, for example, actions that will be undertaken immediately on closing or reasonably thereafter.

When assessing good governance practices the AIFM (or its delegate) will, as a minimum, have regard to matters it sees as relevant to the four identified pillars of good governance (sound management structures, employee relations, remuneration of staff and tax compliance).

e) Proportion of investments

An investment will be treated as aligned with the promoted environmental and social characteristic where the Private Credit Investee Company has been scored using the ESG Maturity Indicator and: (i) is not an ESG Engagement Target; or (ii) is an ESG Engagement Target, but engagement with the aim of achieving a minimum environmental, social, sustainability profile of the Investee Company by reference to the ESG Maturity Indicator has been carried out. From the reporting period starting 1 January 2025, at least 60% of the Fund's assets, on average over each reporting period, are expected to be aligned with the promoted environmental and social characteristic.

The Fund may make investments in Taxonomy-aligned investments, but it does not commit to make such an investment – it is not part of the Fund's investment strategy to actively seek to invest in Taxonomy-aligned investments hence the minimum extent to which sustainable investments with an environmental objective are aligned with the EU Taxonomy is 0%.

[2] Calculated as a proportion of capital committed to or invested in such investments, measured as at the end of each reporting period.

To the extent that the Fund may report that a proportion of investments are Taxonomy-aligned those figures may be derived from public disclosures and/or equivalent information directly obtained from issuers. In some circumstances complementary assessments and estimates based on information from other sources may also be used. Investee Companies may arrange for the audit or assurance of the figures that they disclose or provide but otherwise any figures are not expected to be assured by one or more auditors or reviewed by one or more third parties.

All of the Fund's exposures to Investee Companies are expected to be indirect, through the Fund's investment in the ECRED Aggregator.

The Fund may hold sovereign exposures in the form of sovereign debt as a means of generating liquidity for its portfolio. It is unlikely that it will be possible to assess whether these sovereign exposures contribute to environmentally sustainable activities.

f) Monitoring of environmental or social characteristics

The Fund will report on the attainment of its promoted environmental and social characteristic for its investments using the following sustainability indicators, each measured as at the end of the reporting period:

1 The aggregate number of ESG engagements carried out during the reporting period with ESG Engagement Targets or their sponsor, as applicable. Examples of such engagements may include, but are not limited to:

   (i) the provision of (an) ESG resource(s) (e.g., Policy Guide/Carbon Playbook/Cybersecurity Assessment/Decarbonization Accelerator);

   (ii) a substantive discussion or chain of discussions, whether verbal, in writing or otherwise, (as determined by the AIFM (or its delegate) acting in good faith) with the BXCI ESG Team or any other relevant BXCI team, broader Blackstone ESG Team, Blackstone Cybersecurity team, and/or BXCI Value Creation team on a particular ESG topic or matter;

   (iii) the introduction of a BXCI verified consultant or service provider; and

   (iv) a response to a BXCI ESG Questionnaire.

2a. The absolute number of Private Credit Investee Companies in the portfolio scored using the ESG Maturity Indicator.

2b. The proportion of Private Credit Investee Companies in the portfolio[3] scored using the ESG Maturity Indicator.

2c. The proportion of scored Private Credit Investee Companies in the portfolio[4] which have received ESG Maturity Indicator scores above 60.

3. The proportion, by absolute number, of Private Credit Investee Companies to whom the BXCI ESG Questionnaire was sent during the reporting period to enable more detailed monitoring and reporting across ESG metrics.

[3] Calculated as a proportion of capital committed to or invested in Private Credit Investee Companies.
[4] Calculated as a proportion of capital committed to or invested in scored Private Credit Investee Companies.

4. Fund carbon footprint (Scope 1 and Scope 2 emissions, metric tons of CO2e / EUR million invested), reported to the extent disclosed by or estimated in respect of Investee Companies.

Please see section (g) (Methodologies) and section (h) (Data sources and processing) for further detail on how these indicators are monitored and related control mechanisms.

g) Methodologies

Sustainability indicator 1

In respect of sustainability indicator 1, the AIFM or its delegate will record the number of relevant ESG engagements and report the aggregate number of engagements, as of the end of the reporting period. Engagements are not double counted; for example, a substantive discussion relating and leading to the introduction of a BXCI verified consultant will only be counted as a single engagement. Where a single meeting includes substantive discussion of multiple environmental, social or sustainability-related topics, the AIFM or its delegate may decide to record this as multiple engagements. Nevertheless, in relation to the example of ESG engagement listed at 1(i), where multiple ESG resources are provided in a single email or similar communication, the AIFM or its delegate will report this as a single engagement.

Sustainability indicators 2a, 2b and 2c

For investments which pre-date the Fund's transition to SFDR Article 8 status, scoring may take place at any time. For investments made after the Fund's transition to SFDR Article 8 status, scoring will typically form part of the investment underwriting process but may be carried out at any time.

The ESG Maturity Indicator is a proprietary sector-specific ESG maturity scoring tool based on the SASB standards. The ESG Maturity Indicator includes assessment of select ESG risks and ESG maturity factors of each scored Private Credit Investee Company. The scorecard is broken down into two main components: Inherent Sector Risk and Company ESG Practices, as set out below:

1. The Inherent Sector Risk component leverages SASB material topics to assign to each sector a sub-score to account for the ESG risk inherent to a Private Credit Investee Company's sector.
2. The Company ESG Practices component is further broken down into four sub-sections within the scorecard:
   - Climate Risk – assesses a Private Credit Investee Company's climate risk based on location, disclosure, climate governance, and climate-related hazards.
   - Country Risk – considers a Private Credit Investee Company's country risk based on location of its headquarters and key operations.
   - Incident Risk – provides an assessment of a Private Credit Investee Company based on press, litigation, and other relevant events preceding completion of the scorecard.
   - Company ESG Management – evaluates ESG maturity of a Private Credit Investee Company based on both a sector-agnostic and sector-specific basis.

   Each of the sub-sections contains a series of questions and the responses may be selected from a prescribed list of options and/or consist of free text.

The components (and sub-components) of the scorecard are not equally weighted, with the Company ESG Practices component typically having the greatest weighting. Weightings may evolve over the life of the Fund. The ESG Maturity Indicator will then output a score which can vary from 0–100 with higher scores representing greater ESG maturity. Private Credit Investee Companies with a score of 60 or below will be classed as ESG Engagement Targets. ESG Engagement Targets will be re-scored at the Investment Manager's discretion and Private Credit Investee Companies will typically not be re-scored unless they are an ESG Engagement Target.

Sustainability indicator 2a is the absolute number of Private Credit Investee Companies in the portfolio scored using the ESG Maturity Indicator at the end of the relevant reporting period. Sustainability indicator 2b is calculated by dividing the capital committed to or invested in all Private Credit Investee Companies scored using the ESG Maturity Indicator by the capital committed to or invested in Private Credit Investee Companies in the portfolio. Sustainability indicator 2c is calculated by dividing the capital committed to or invested in Private Credit Investee Companies which have received ESG Maturity Indicator scores above 60 by the capital committed to or invested in Private Credit Investee Companies which have been scored using the ESG Maturity Indicator. Metrics are calculated based on the portfolio as at the end of the reporting period.

Sustainability indicator 3

Sustainability indicator 3 is calculated by dividing the absolute number of Private Credit Investee Companies to whom the BXCI ESG Questionnaire was sent during the reporting period by the absolute number of Private Credit Investee Companies which were in the portfolio for the duration of the reporting period.

Sustainability indicator 4

In respect of sustainability indicator 4, the carbon footprint is calculated using the following formula:

$$\text{Carbon footprint} = \frac{\Sigma(\text{Scope 1\&2 emissions of Investee Company (tCO2e)} \times \text{attribution factor})}{\text{Total investments made in Investee Companies (EUR M)}}$$

The methodology used to calculate the attribution factor varies between asset classes but the Investment Manager plans to follow the approaches set out in The Global GHG Accounting and Reporting Standard for the Financial Industry prepared by the Partnership for Carbon Accounting Financials (2022) ("**PCAF**"). Broadly, under PCAF, the attribution factor is calculated by determining the outstanding amount of the Fund's investment in an Investee Company and dividing it by the Investee Company's total equity plus debt or, in the case of a listed Investee Company, enterprise value including cash. It is intended that attribution factors will be calculated using data as of the end of the reporting period where relevant data as of that date is reasonably available.

The calculation of Scope 1 and 2 GHG emissions will depend on the availability of data and the Fund plans to follow the PCAF emissions data quality hierarchy when seeking to determine values. In summary, this approach prioritises emission values calculated and reported by the Investee Company followed by a hierarchy of emission factor-based calculations where reported data is not available.

Where emissions factors are used, they will typically be drawn from recognised industry databases and standards where reasonably available. To the extent that relevant data for an Investee Company is not disclosed and cannot be reasonably estimated[5] , the Investee Company will be excluded from the calculation of the sustainability indicator.

h) Data sources and processing

Sustainability indicators 1, 2a, 2b, 2c and 3

Data for the purposes of sustainability indicator 1, 2a, 2b, 2c and 3 is expected to be largely derived from the AIFM's (or its delegate's) records and none of this data is expected to be estimated. No noteworthy data processing steps are anticipated. In order to ensure data quality, BXCI will take reasonable steps to ensure its records are accurate and that engagements are not double counted.

The AIFM (or its delegate) will apply its judgement in good faith when determining whether an ESG-related interaction should properly be reported as an ESG Engagement for the purposes of sustainability indicator 1.

The data used to complete the ESG Maturity Indicator will typically be obtained directly from the Investee Company, from third-party organisations and from public sources such as company reports or disclosures. Data obtained is subject to a review by the BXCI team which may include considering any update to an Investee Company's score against its previous score. The AIFM (or its delegate) may make subjective judgements (based on available data) and/or use estimates to complete certain fields in the ESG Maturity Indicator. The proportion of data that are estimated may vary and is difficult to predict, in part because the level of estimated data used by underlying sources may be unknown.

Sustainability indicator 4

In respect of sustainability indicator 4 (carbon footprint), data sources may include information obtained directly or indirectly from the Investee Company (including public filings or disclosures) and from third parties.

To improve data quality the Investment Manager intends to use the PCAF hierarchy described in section g) (Methodologies) and for calculations to be conducted in alignment with the GHG protocol so far as reasonably practicable. Investee Company calculated Scope 1 and 2 emissions will be preferred and BXCI may carry out engagements to encourage and offer guidance on such reporting. BXCI is supportive of Investee Companies using third party consultants to verify their calculations.

A high proportion of data, potentially all, is expected to be estimated. This is because even where an Investee Company is calculating its own Scope 1 and 2 emissions the Investee Company may not have a full inventory of its Scope 1 and 2 GHG emissions and so those calculations may be based at least in part on estimates. However, the proportion of estimated data is expected to fall over time as more Investee Companies conduct their own calculations and industry standards improve.

[5] Determinations of whether data can be reasonably estimated will be made at the absolute discretion of the AIFM (or its delegate).

i) Limitations to methodologies and data

Limitations in relation to sustainability indicators 1, 2a, 2b, and 3

Sustainability indicators 1, 2a, 2b and 3 are not considered to be subject to material limitations.

Limitations in relation to sustainability indicator 2c

The primary limitations relate to the reliance on self-reported data and the use of estimates and subjective judgements in some cases to complete the ESG Maturity Indicator. These limitations are not considered to materially limit the monitoring or attainment of the promoted characteristics as self-reported data is usually provided in a timely fashion and is subject to internal checks as detailed above. Where estimated data is used it will be based upon reasonable assumptions and/or appropriate comparators. The AIFM (or its delegate) will act in good faith when exercising its judgement.

Limitations in relation to sustainability indicator 4

Limitations to methodologies and data sources include the potential for Scope 1 and 2 emissions to be calculated based on generalised emissions factors which are based on assumptions and approximations derived from region and sector averages. In addition, those emission factors may not map one-to-one to the activities of a particular Investee Company. Emissions calculated by Investee Companies may not be independently verified. Due to the availability of data there may be inconsistencies in how Scope 1 and 2 emissions are calculated – these are likely to include a mixture of self-calculated emissions and estimates based on region and sector averages. There may be variations in the methodologies used by Investee Companies to calculate their emissions. There may also be inconsistencies in the timing of when emissions are calculated driven in part by differences in as of when Investee Companies calculate their emissions and differences in the date of financial or other data used to calculate attribution factors. The outstanding amount of the Fund’s loans to and investments in an Investee Company and the Investee Company’s total equity plus debt or, in the case of a listed Investee Company, enterprise value including cash may fluctuate throughout the reporting period. Exchange rates may also fluctuate which may affect calculations where amounts are not denominated in EUR. These factors may cause the calculation of the portfolio’s carbon footprint to be over or understated. However, the Investment Manager seeks to calculate carbon footprint in accordance with recognised industry standards and may make updates to its methodologies as those standards change over time. Furthermore, as outlined above, measures are taken to improve data quality which may include BXCI engaging with Investee Companies.

j) Due diligence

Before making any Private Credit Investments or Opportunistic Credit Investments, BXCI will typically conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each Investment. Amongst other matters, due diligence may entail evaluation of important and complex environmental, social and governance issues. Furthermore, BXCI maintains an ESG policy and intends to apply that policy to the Fund’s investment activities. Depending on the investment, certain ESG factors could have a material effect on the return and risk profile of the investment. The Sponsor endeavors to consider material[6] ESG factors where applicable in connection with its investment activities.

Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of Investment. Such involvement of third-party advisers or consultants will present a number of risks primarily relating to BXCI's reduced control of the functions that are outsourced. In addition, if BXCI is unable to engage third-party providers in a timely manner, such providers' ability to evaluate and acquire more complex targets could be adversely affected. When conducting due diligence and making an assessment regarding an Investment, BXCI will rely on the resources available to it, including information provided by the target of the Investment and, in some circumstances, third-party investigations.

Good governance practices are assessed as part of the investment underwriting process where the Fund is investing in a company.

k) Engagement policies

The ESG Maturity Indicator will be used to identify engagement opportunities with ESG Engagement Targets and the AIFM (or its delegate) will seek to engage with those companies with the aim of achieving a minimum environmental, social, sustainability profile. BXCI teams will typically focus their efforts on areas where the greatest potential for improvement has been identified. The Fund has not set a minimum frequency for engagements with ESG Engagement Targets to be carried out.

[6] As used herein, "material" ESG factors are defined as those ESG factors that the Sponsor determines have—or have the potential to have—a material impact on an investment's going-forward ability to create, preserve or erode economic value for that organization and its stakeholders. The word "material" as used herein should not necessarily be equated to or taken as a representation about the "materiality" of such ESG factors under the US federal securities laws or any similar legal or regulatory regime globally