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At Blackstone, our commitment to sustainability is rooted in an expertise that drives our business: improving companies and making them more effective on behalf of our investors. We won't make an investment unless we believe we will have a transformative impact. Fixing a business's processes across operations, including making them more sustainable, is a significant element of that work.

Acting as strong and committed corporate citizens is fundamental to our long-term approach to investing. As responsible stewards of more than \$330 billion in assets, we oversee the management of more than 87 portfolio companies that employ more than 520,000 people across numerous industries and geographies globally. Over 30 years, we've learned that sustainability must be part of our every effort to improve companies, and we tailor each approach accordingly as we work alongside management teams to target specific and appropriate areas for improvement.

This approach to sustainability ranges from personalized engagement at the single-company or even single-site level to sectorwide support for multiple portfolio companies that confront similar efficiency challenges. Our team has developed adaptable tools and support that transcend sectors in the form of scalable approaches, including industry playbooks of best practices and scorecards to track performance over time. We've built out a well-resourced portfolio operations team responsible for this work — their expertise, borne out of decades of experience, enables us to identify actionable solutions early on in the investment period that the company can implement as part of their processes going forward.

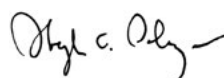
This team also convenes regular summits where portfolio companies can build on the changes they're making internally by hearing from counterparts in the same industry — sharing best practices and seeking solutions to challenges they have encountered in the effort. These findings are collected as institutional knowledge in the aforementioned industry playbooks for wider distribution to current and future portfolio companies.

As a result of these and similar efforts, Gates Global, one of the largest manufacturers of industrial products like power transmission belts and fluid hoses in the world, has already seen energy cost reductions in its North America and Asia Pacific regions of 14 percent and 24 percent, respectively, in the less than 18 months since Blackstone's acquisition of the company. At our Industrial Energy Summit, Gates and six other Blackstone portfolio companies shared best practices for reducing energy usage, including approaches to LED lighting implementation, data analytics, and the use of “Fast Find and Fix” assessments to quickly find low-cost opportunities for improvement.

Additionally, we convened our portfolio companies' COOs and CEOs to demonstrate how data tracking can help assess performance improvement. Finally, during one of the worst droughts in California history, we brought together the majority of the large U.S. hospitality brands, both Blackstone owned and otherwise, to promote simple but critical opportunities to quickly reduce water usage by 15 percent or more. As a result of this cutting-edge work, our chief sustainability officer was invited to share best practices with his counterparts from 25 federal agencies.

Because we typically hold investments for a five- to seven-year period, we are able to make real and lasting change. This structure also enables us to put capital to work by building out longer-term infrastructure projects. In 2015, Onyx Renewable Partners, a Blackstone portfolio company that focuses on solar initiatives, entered into an agreement to install solar panels to serve more than 1,000 homes at two military bases, reducing energy consumption by a third and supporting the Department of Defense Privatized Housing Solar Challenge as part of President Obama's Build America Initiative.

In short, our sustainability efforts are a natural extension of our work patiently investing the capital our limited partners entrust us with to improve the companies in our portfolio. We're proud that these efforts can have a substantial impact even beyond our ownership period and look forward to continuing this work — and hopefully setting an example for our industry — in the years ahead.

**Stephen A. Schwarzman**  
Chairman, CEO, and Co-Founder