

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.<sup>1</sup>

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: **Blackstone Enhanced Global Systematic Credit Fund (UCITS)** Legal entity identifier: **KSOCNIUM6C07J3G3SK38**

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

✖

No

It will make a minimum of sustainable investments with an environmental objective: \_\_\_\_%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of sustainable investments with a social objective: \_\_\_\_%

It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_\_% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

✖

It promotes E/S characteristics, but will not make any sustainable investments



## What environmental and/or social characteristics are promoted by this financial product?

The Investment Manager seeks to promote environmental or social characteristics by applying a number of exclusions from its investment universe. The Investment Manager seeks to avoid certain issuers from categories including but not limited to nuclear weapons, controversial munitions, opioid manufacturing, retail sold assault weapons, coal mining, private prisons and payday lending; and

A current list of applicable exclusion categories is available upon request from the Investment Manager.

A reference benchmark is not used for the purposes of attaining the environmental or social characteristics promoted by the Fund.

### What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

As set out above, the Investment Manager seeks to promote environmental or social characteristics by applying a number of exclusions from its investment universe. The Investment Manager seeks to avoid certain issuers from categories including but not limited to nuclear weapons, controversial munitions, opioid manufacturing, retail sold assault weapons, coal mining, private prisons and payday lending.

A current list of applicable exclusion categories is available upon request from the Investment Manager.

The ESG-related exclusions referred to above apply at the time of acquisition of the relevant securities and in the event of any subsequent inadvertent holding of securities in breach of these principles or exclusions, the Investment Manager shall dispose of any such securities as soon as reasonably practicable having regard to the best interests of the Fund and its Shareholders.

### What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

N/A.

### How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

N/A.

#### How have the indicators for adverse impacts on sustainability factors been taken into account?

N/A.

#### How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

N/A.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



### Does this financial product consider principal adverse impacts on sustainability factors?

Yes, \_\_\_\_\_

X

No



### What investment strategy does this financial product follow?

The investment objective of the Fund is to produce returns, net of fees and expenses above the return of the The Bloomberg Barclays Global Corporate Custom Weighted Index.

In order to meet the environmental and social characteristics promoted, Responsible Investment is integrated into the Investment Manager’s investment process in accordance with three foundational pillars as follows:

- (a) Application of a socially responsible investing ("SRI") exclusion screen in respect of the portfolio of the Fund.
- (b) Conducting ongoing research into SRI (and ESG) factors.
- (c) Reviewing, monitoring, and risk modelling the Fund's portfolio for emerging trends, threats, and developments, including those arising from SRI factors.

The Investment Manager integrates exclusion screening in respect of its investment selection process to account for additional risks that are inherent in socially and environmentally costly businesses. In this regard, it carries out a systematic approach of constructing a broad portfolio using fundamentally driven models, with holding periods typically measured in months. For example, the Investment Manager seeks to avoid certain issuers from categories including but not limited to, nuclear weapons, controversial munitions, opioid manufacturing, retail sold assault weapons, coal mining, private prisons and payday lending, or those investments that are considered to be poor SRI performers by the Investment Manager as further described below. While the Investment Manager does not pursue an activist investment strategy in respect of the Fund, it takes account of additional risks that are inherent in socially and environmentally costly businesses and when possible, will seek to avoid them. In this regard, the Investment Manager's policy aims to avoid providing implicit or explicit support for socially and environmentally irresponsible businesses. Whilst this analysis can be subjective, the Investment Manager will assess certain businesses where the social or environmental cost of the business creates negative externalities for society that are not fully captured by regulation, taxation or shareholder value. These risks typically manifest as low probability, but high cost, regulatory and legal exposures. Various factors are considered by the Investment Manager in the SRI screening process which are broadly categorised into: (i) ethical reasons; (ii) social responsibility and stewardship;

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

and (iii) environmental responsibility and stewardship.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

In order to meet the environmental and social characteristics promoted, the Investment Manager applies binding criteria to the selection of underlying assets as part of its investment decisions making process.

As set out above, the Investment Manager seeks to promote environmental or social characteristics by applying a number of exclusions from its investment universe. The Investment Manager seeks to avoid certain issuers from categories including but not limited to nuclear weapons, controversial munitions, opioid manufacturing, retail sold assault weapons, coal mining, private prisons and payday lending; and

A current list of applicable exclusion categories is available upon request from the Investment Manager.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The Fund does not commit to a minimum rate to reduce the scope of the investments considered prior to the application of its investment strategy.

● ***What is the policy to assess good governance practices of the investee companies?***

The Investment Manager considers the "good governance" practices of the investee company issuer (the "Issuer") in accordance with established governance requirements applicable to the securities (including liquid, public and secondary securities) (the "Securities") in which the Fund invests. This will include those good governance criteria established under the SFDR, specifically: sound management structures, employee remuneration, employee relations and tax compliance ("Good Governance Criteria").

The Investment Manager's assessment of "good governance practices" will consider a range of criteria, methodologies and assumptions as part of pre-investment and ongoing monitoring processes (including but not limited to factors such as the market, size, sector or geographic location of the Issuer). As a minimum, meeting the criteria for public listing on a main market, and continuing public listing eligibility of the Issuer (including the regulatory oversight of the same) is considered to set a presumption of good governance processes in the absence of evidence to the contrary. The Investment Manager's assessment will also involve a review of information in support of (or, alternatively, which disrupts) that presumption. This will be done via the use of quarterly ESG screening tools, such as ESG ratings and controversies screening tools or public searches carried out by the Investment Manager's Research Committee (the "Research Committee") or information garnered by the same as part of the Investment Manager's research-driven investment-process.

Where there are material good governance disruptors which the Investment Manager considers to be a material breach of the Good Governance Criteria, absent immediate action taken by the Issuer to remediate such a breach, this would result in either an exclusion against investing in the relevant Securities or a divestment of the same within a reasonable time period. Examples of good governance disruptors include but are not limited to: (1) delisting of the underlying issuer for breaches of applicable listing rules and/or requirements relating to Good Governance Criteria; (2) quarterly screening undertaken by Research Committee (using ESG screening tools, such as ESG ratings) revealing material adverse results; and (3) any business found (by the Research Committee using controversies screening tools or public searches) to have been involved in controversies or material

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

breaches (such as material and ongoing breaches of labour laws) that would suggest a material and ongoing failure of good governance at the issuer level, where in each case there is no evidence that the Issuer has taken steps to remediate, mitigate and manage the same.

Note that no single good governance indicator or disruptor will be determinative on its own and some judgement will be required to consider these both in the round and in the wider context of the investment when making a determination as to good governance practices at the issuer level. This judgment will be exercised in good faith. Where any investment(s) are determined to not sufficiently meet the applicable Good Governance Criteria, a decision will be made not to invest in the securities of the Issuer or if securities of the Issuer are an existing investment to divest it within a reasonable period taking into consideration factors such as market liquidity.

Note that the good governance assessment process described above is applicable to corporate credit investments only and is not applicable to any of the Fund's investments in government bonds, other securities issued by sovereigns or supranational entities or derivatives such as interest rate futures.



**Asset allocation** describes the share of investments in specific assets.

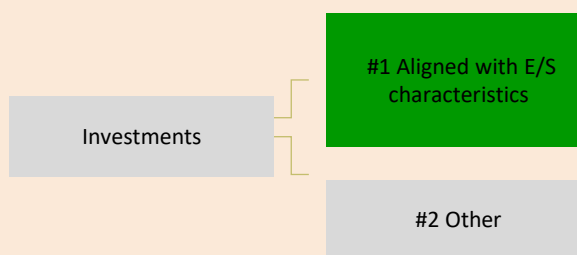
### What is the asset allocation planned for this financial product?

The Fund intends to invest a minimum of 80% of the Fund's assets in investments which attain the environmental and social characteristics promoted by the Fund. To achieve this, the Fund invests in a portfolio of corporate bonds (fixed or floating rate), notes and paper issued by corporations worldwide, and credit default swaps on the credit risk of such companies.

The remaining percentage of the Fund's investments will be in investments which seek to achieve the broader objectives of the Fund including instruments for the purposes of efficient portfolio management, hedging and liquidity management purposes.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

### How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

The Fund through the use of credit default swaps will be gain indirect exposure to credit risk of companies worldwide so the credit default swaps will be assisting in attaining the environmental or social characteristics promoted by the Fund.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

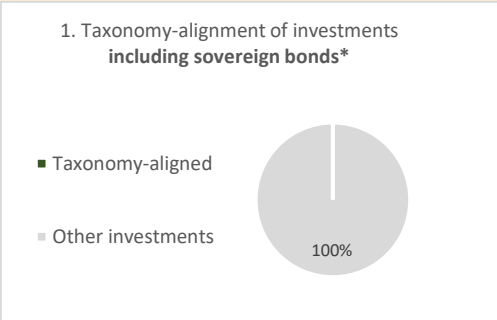
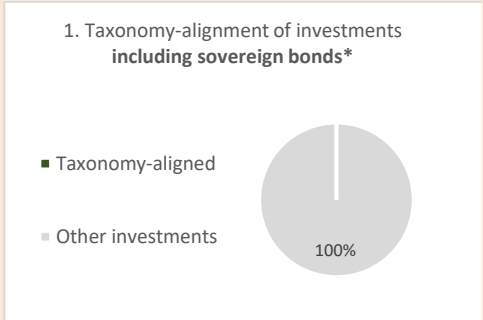
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Fund does not commit to make investments that contribute to the environmental objectives identified in the Taxonomy Regulation.

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

**What is the minimum share of investments in transitional and enabling activities?**

N/A.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

N/A. The Fund does not commit to making sustainable investments within the meaning of Article 2(17) of SFDR.



**What is the minimum share of socially sustainable investments?**

N/A. The Fund does not commit to making sustainable investments within the meaning of Article 2(17) of SFDR.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

“#2 Other” comprises investments which seek to achieve the broader objectives of the Fund including instruments for the purposes of efficient portfolio management, hedging and liquidity management purposes.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

N/A.

- *How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?*

N/A.

- *How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*

N/A.

- *How does the designated index differ from a relevant broad market index?*

N/A.

- *Where can the methodology used for the calculation of the designated index be found?*

N/A.



Where can I find more product specific information online?

More product-specific information can be found on the website:  
[www.blackstone.com/systematic-strategies/](http://www.blackstone.com/systematic-strategies/)