



Second-Party Opinion

Bilibili Inc. Sustainable Finance Framework

Evaluation Summary

Sustainalytics is of the opinion that the Bilibili Inc. Sustainable Finance Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2021 and Green Loan Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Green Buildings, Energy Efficiency, Renewable Energy, Pollution Prevention and Control, Socioeconomic Advancement and Empowerment and Access to Essential Services (Education) – are aligned with those recognized by the Green Bond Principles, Social Bond Principles and Green Loan Principles. Sustainalytics considers that investments in the eligible categories aim to improve the environmental impact of Bilibili Inc.’s operations, increase access to education and create other social benefits in China while advancing the UN Sustainable Development Goals, specifically SDG 4, 7, 8, 9, 10 and 12.



PROJECT EVALUATION / SELECTION Bilibili Inc.’s internal process for identifying and monitoring projects will be carried out by the Sustainable Finance Working Group. The eligible projects identified by the Sustainable Finance Working Group will go through an internal process that includes final review by senior management and the Board of Directors. Bilibili Inc. applies risk management measures in its allocation decisions to mitigate relevant environmental and social risks. Sustainalytics considers these risk management systems to be adequate and the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS Bilibili Inc.’s Sustainable Finance Working Group will oversee the management of proceeds. The net proceeds under the Framework will be tracked through an internal tracking system. Pending allocation, net proceeds will be temporarily invested in cash equivalent, deposits, structured deposits, money market funds and other short term high liquidity products. This is in line with market practice.



REPORTING Bilibili Inc. intends to report on the allocation and impact of proceeds as part of its ESG Report on Bilibili’s investor relations website on an annual basis until full allocation. Allocation reporting will include information on eligible projects financed, proportion of financed and refinanced projects, unallocated proceeds and details on temporary allocation. In addition, Bilibili Inc. is committed to reporting on relevant impact metrics. Sustainalytics views Bilibili’s allocation and impact reporting as aligned with market practice.

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Issuer Location	Shanghai, China
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Introduction

Bilibili Inc. (“Bilibili”, or the “Company”) is a video streaming platform in China that offers a wide array of content serving the young generations’ interests. Bilibili’s video content is centered around user generated videos (UGV), or professional user generated video (PUGV), supplemented with live broadcasting, occupationally generated videos (OGV), and others. The Company generates revenues primarily from mobile games, value-added services, advertising, e-commerce and others. Founded in 2009 and headquartered at Shanghai, the Company employed 8,646 employees as of December 31, 2020, and had over 237 million average monthly active users as of June 30, 2021.

Bilibili has developed the Bilibili Sustainable Finance Framework (the “Framework”) under which it intends to issue green, social, sustainability bonds, loans and other forms of debt financing,¹ and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that are expected to help improve the environmental impact of the Company’s operations while increasing access to education and providing other social benefits in China. The Framework defines green eligibility criteria in four areas:

1. Green Buildings
2. Energy Efficiency
3. Renewable Energy
4. Pollution Prevention and Control

The Framework defines social eligibility criteria in two areas:

1. Socioeconomic Advancement and Empowerment
2. Access to Essential Services - Education

Bilibili engaged Sustainalytics to review the Bilibili Inc. Sustainable Finance Framework, dated November 2021, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), Social Bond Principles 2021 (SBP)², Green Loan Principles 2021 (GLP)³. This Framework has been published in a separate document.⁴

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁵ opinion on the alignment of the reviewed Framework with the 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 Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2021 as administered by LMA, APLMA, and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- 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 1.11, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

¹ Bilibili has clarified that other debt like financing instruments may include convertible bonds. Sustainalytics has communicated to Bilibili that for standard convertible bonds, once the conversion has occurred, the SPO is no longer valid for the assessed securities falling under this asset class. In the case of mandatory convertible bonds, proceeds should be allocated prior to the conversion date to be eligible. Bilibili has confirmed understanding of this specific consideration on convertible bonds.

² The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

³ 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/#>

⁴ The Bilibili Sustainable Finance Framework is available on Bilibili Inc.’s Investor Relations website at: <https://ir.bilibili.com/esg>

⁵ 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 Bilibili's management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Bilibili representatives have confirmed (1) they understand it is the sole responsibility of Bilibili to ensure that the information provided is complete, accurate or 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 Bilibili.

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 Bilibili has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Bilibili Sustainable Finance Framework

Sustainalytics is of the opinion that the Bilibili Sustainable Finance Framework is credible, impactful and aligns with the four core components of the GBP, SBP, and GLP. Sustainalytics highlights the following elements of Bilibili's Sustainability Finance Framework:

- Use of Proceeds:
 - The eligible categories – Green Buildings, Energy Efficiency, Renewable Energy, Pollution Prevention and Control, Socioeconomic Advancement and Empowerment, Access to Essential Services (Education) – are aligned with those recognized by the GBP, SBP, and GLP. Sustainalytics notes that investment in the eligible categories is expected to help improve the environmental impact of the Company's operations while increasing access to education and providing other social benefits in China.
 - Bilibili has defined a look-back period of two years for refinancing activities. Sustainalytics considers this to be in line with market practice.
 - Regarding OPEX activities to be financed under green use of proceeds categories, Bilibili has confirmed that such activities will be limited to those that extend the life or value of underlying green assets, which Sustainalytics views to be in line with market practice.
 - Under the Green Buildings category, the Company intends to finance or refinance investments in acquisition, design, construction, operation, and maintenance of buildings that have received or are expected to receive one of the following certifications: Chinese Green Building Evaluation Label (2 star or above), LEED (Gold or above) and BREEAM (Excellent or above). Sustainalytics considers the standards to be robust, credible and the levels selected to be in accordance with market expectations. See Appendix 1 for an overview of the cited certification schemes.
 - Under the Energy Efficiency category, the Company intends to finance the following:
 - Acquisition, design, construction, operation, maintenance, leasing and improvements of internet data centers (IDCs) with Power Usage Effectiveness ("PUE") equal to or below 1.5. Potential projects include the procurement and development of servers with

energy efficiency certificates from the China Quality Certification Center,⁶ replacement of old servers and the development of IDCs. Given that all projects under the category will be financed for IDCs with PUE equal to or below 1.5, Sustainalytics considers the investments to be aligned with market practice. Regarding potential leasing expenses, Bilibili has confirmed that it will limit its leasing investments to those that follow long term agreements (6 years), which Sustainalytics considers to be in line with market practice.

- Design, construction, operation and maintenance of energy-efficient systems and assets. Project examples include the replacement of lights with LED or other energy efficient lights, and the installation of innovative cooling systems, smart energy management systems and electric vehicle charging stations. Bilibili has confirmed to Sustainalytics that these investments are into systems that are non-motorized and powered by electricity, which is in line with market practice.
 - Investment in installation of electric vehicle charging infrastructure. The Company has confirmed to Sustainalytics that parking facilities will not be financed under this category. Sustainalytics confirms that this investment aligns to market practice.
- Under the Renewable Energy category, Bilibili may finance and/or refinance the installation of renewable energy systems related to solar and wind energy. The Company may also invest in procurement of renewable energy through Power Purchase Agreements (PPAs). Bilibili has confirmed that it will finance medium and long-term PPA's (>5 years) and will exclude one-time or short-term energy purchases, which Sustainalytics considers to be in line with market practice.
 - Under the Pollution Prevention and Control category, the Company intends to invest in the waste recycling and treatment facilities that help manage waste through collection, segregation, recycling, and treatment in Bilibili's offices and facilities or IDCs. The Company has confirmed to Sustainalytics that the intended projects will support segregation at source and the waste processed will not include e-waste. Sustainalytics considers these expenditures to be in line with market practice.
 - Under the Socioeconomic Advancement and Empowerment category, the Company intends to invest in a programme that aims to provide vocational opportunities and support to underprivileged content creators. The objective of the program is supporting the empowerment of underprivileged groups by providing income generation opportunities through content creation on Bilibili's platforms.
 - The Company identifies underprivileged content creators as target population based on one of the following criteria: i) population below the minimum living standard lines in China (as defined by the Ministry of Civil Affairs of the PRC), ii) population with bottom quartile local income, iii) unemployed population and iv) people with education level at or below high school. Intended expenses to be financed under the program include financial support in the form of cash incentives, provision of necessary equipment, infrastructure and tools (e.g., mobile phone, 5G network card, handheld stabilizer, lighting equipment, etc.) and trainings and tutorials.
 - The Company has confirmed that the equipment and trainings will be provided to targeted content creators free of cost, and cash incentives will be provided as a complementary support only.

Sustainalytics considers the financing of activities aimed at livelihood generation and promoting socioeconomic advancement and empowerment for targeted underprivileged populations to be aligned to the market practice.

- Under the Access to Essential Services (Education) category, Bilibili may finance and/or refinance expenditures related to the following:
 - Construction of schools in rural areas. The Company has confirmed that the rural schools will be providing children in rural areas with free education. The Company

⁶ China Quality Certification Center, at: <https://www.cqc.com.cn/www/english/>

defines rural areas as regions of township and village levels.⁷ Sustainalytics considers Bilibili's targeted approach as aligned with market practice.

- Development and procurement⁸ of free educational video courses, such as Bilibili Dream Course, for public schools located in rural areas. The Company has clarified that end users will be limited to students in rural areas and the content will be provided through a specific portal exclusively accessible to the target population. The Company will also provide free infrastructure to rural schools, including smart classroom, equipment and software, to enable access to content offerings. The project aims to enhance knowledge accessibility and education in rural areas. Sustainalytics positively notes the financing of activities aimed at providing free education materials for children in rural areas.
- Providing support to teaching programs, such as the Support Young Volunteer Teachers Program and Bilibili University Dream Teacher Project, that aim to encourage young teachers to participate in education in rural areas while increasing access to free education for rural students. The intended programs' objective is connecting young and qualified teachers with rural students, and thus, empowering both target groups. Examples of activities financed under the program include the provision of the following; (i) free transportation and supporting tools (incl. teaching software and hardware), (ii) training to improve teaching skills of participating teachers, (iii) connecting the participating teachers with potential job opportunities after the completion of program, and (iv) financial support as a complementary initiative.

Sustainalytics recognizes the importance of increasing access to education in rural areas and considers Bilibili's programmes as impactful and aligned with market standards.

- Bilibili has disclosed that the proceeds allocated to the social categories won't exceed 10% of all proceeds.
- Project Evaluation and Selection:
 - The Company's internal process in evaluation and selection of eligible projects is managed by the Sustainability Financing Working Group and Environmental, Social and Governance Committee (ESG Committee). The ESG Committee will be managed by the Company's senior management and the Board of Directors, as well as overseen by other senior executives from legal, finance, human resources, public welfare and investor relations. An ESG Committee oversees the Sustainability Financing Working Group.
 - The list of projects identified as eligible by the Sustainability Financing Working Group will follow an internal process that includes a final review by the Chairwoman of the ESG Committee and CFO, as well as evaluation, monitoring and approval by the Board of Directors.
 - The Company applies risk management measures in its capital allocation decisions which are supported by a Company-wide planning, reporting, and controlling structure. In addition, the Company has also adopted well-established environmental protection and risk management policies and measures to mitigate relevant risks. The Company intends to implement and continue to enhance its environmental & social risk assessment and mitigation process that will be led by the Sustainability Financing Working Group. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with market expectation. For additional detail see Section 2.
 - Based on the establishment of the Sustainability Financing Working Group and ESG Committee, Sustainalytics consider this process to be in line with market practice.
- Management of Proceeds:
 - Bilibili's Sustainability Financing Working Group will oversee the management of proceeds and all proceeds under the Framework will be tracked through an internal tracking system.
 - Bilibili intends to allocate all proceeds with 48 months of issuance. Sustainalytics considers this to be market practice to achieve full allocation within 36 months of issuance.

⁷ According to the Constitution of the People's Republic of China, the country's administrative units are currently based on a three-tier system - (i) The country is divided into provinces, autonomous regions and municipalities directly under the Central Government; (ii) Provinces and autonomous regions are divided into autonomous prefectures, counties, autonomous counties and cities; and Counties, autonomous counties and cities are divided into townships, ethnic minority townships, and towns. More information at:

http://english.www.gov.cn/archive/china_abc/2014/08/27/content_281474983873401.htm

⁸ Procurement of content includes developing content by Bilibili and purchasing content from third-party providers.

- Pending allocation, unallocated proceeds will be temporarily held in the forms of cash equivalent, deposits, structured deposits, money market funds and other high liquidity products in accordance with Bilibili's corporate treasury policy
- Based on the use of an internal tracking system and disclosure of temporary use of proceeds, Sustainalytics views this process to be aligned to market practice.
- Reporting:
 - Bilibili intends to report on the allocation and impact of proceeds as part of its ESG Report on Bilibili's investor relations website on an annual basis until full allocation. Allocation reporting will include the amounts allocated to eligible projects, unallocated amounts and their temporary allocation, share of financing and refinancing, and examples of eligible projects. Bilibili will, where possible, report on relevant impact indicators including annual energy savings, greenhouse gas emissions avoided, electricity from clean and renewable energy. For a full list of impact metrics, please refer to Appendix 2: Sustainability Bond Programme External Review Form.
 - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Bilibili Sustainable Finance Framework aligns with the four core components of the GBP, SBP and GLP. For detailed information please refer to Appendix 2: Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of Bilibili

Contribution of Framework to Bilibili Inc's sustainability strategy

In 2020, Bilibili conducted a materiality assessment and identified sixteen ESG issues. Following this, in 2021, Bilibili formed its ESG Committee consisting of senior executives from different verticals with the aim to better manage and govern Bilibili's sustainable development and ESG actions. Bilibili also established an ESG Working Group which would be responsible for the communication, implementation, and execution of ESG issues. Bilibili's sustainability strategy focuses on environmental and social areas including Energy Management and Carbon Emissions, Climate Change Risks, and Community Charity.⁹

With respect to the environment, Bilibili promotes energy conservation and emission reduction in its operations. For instance, all of Bilibili's third party cloud servers are committed to reducing carbon emissions in line with China's energy efficiency standards. Bilibili also promotes a green office practice and encourages and supports green buildings. Shanghai Guozheng Center (including building 1, 2 and 3), where the Bilibili's headquarter is located, passed Green Building certification of LEED Platinum grade.

As part of its efforts to contribute to society, Bilibili focused on uplifting education provided in rural areas. It has partnered with the Beijing Lead Future Foundation and Shanghai Adream Foundation to build primary schools in Yunnan and Guizhou, which primarily help children of poverty-stricken families and migrant families. In these schools, Bilibili has also established "Dream" centres that aim to provide free equipment, including 3D printers, programming software, laptops and associated software for students to make their first steps towards advanced learning.¹⁰

Bilibili complies with the legal and regulatory requirements of all countries and regions in which it operates and is listed. The Company also has an established the Bilibili Governance Structure which is headed by the Board of Directors and oversees the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee.¹¹

Sustainalytics is of the opinion that the Bilibili Sustainable Finance Framework is aligned with the Company's overall sustainability efforts and initiatives and will further the Company's action on its key environmental priorities. Sustainalytics encourages Bilibili to identify time-bound quantitative sustainability targets and report on its progress.

⁹ Bilibili Inc, "Bilibili 2020 Environment, Social and Governance Report", at : <https://ir.bilibili.com/static-files/44086ed3-2c9b-48f6-b515-8e894d1f8fa2>

¹⁰ Bilibili Inc, "Bilibili 2020 Environment, Social and Governance Report", 63, at : <https://ir.bilibili.com/static-files/44086ed3-2c9b-48f6-b515-8e894d1f8fa2>

¹¹ Bilibili Inc, "Bilibili 2020 Environment, Social and Governance Report", 12, at : <https://ir.bilibili.com/static-files/44086ed3-2c9b-48f6-b515-8e894d1f8fa2>

Well-positioned to address common environmental and social risks associated with the projects

While Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are expected to have positive environmental and social impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes such as occupational health and safety, land use change and biodiversity loss associated with large-scale infrastructure development, waste generated in construction, risks associated with the Company's own energy consumption and GHG emissions, and data privacy and security risks linked with the use of software or app-based platforms.

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

- To mitigate occupational health and safety risks, Bilibili has set out standards and rules to oblige contractors and suppliers to ensure a safe and secure workplace on a project level. Examples of such standards include practices that Bilibili's contractors need to comply with before, during and after the construction of IDCs, and the identification of management responsibilities.¹²
- For Bilibili's infrastructure projects financed in China, Sustainalytics notes China's Environmental Impact Assessment Act, under which companies are required to perform an environmental risk assessment for all projects (construction, reconstruction, expansion or refurbishment) during the initial phase of project design and feasibility analysis. The Act stipulates that the evaluation must identify key risk factors related to air, water, soil pollution or human health. Moreover, the Act requires that companies undergo an independent and certified environmental impact assessment to avoid potential conflict of interest.¹³
- Bilibili has communicated to Sustainalytics that the Company integrates energy-saving and consumption-reducing practices to minimize the energy consumption and emissions of its own operations.
- Bilibili has established a three-level information security structure under the leadership of the Board of Directors with a view to protect data assets and users' personal information, to raise employees' awareness of data security, to avoid risks or losses to the Company as a result of data leaks and misconducts. Bilibili conducts process management on security work from business and employee perspectives to ensure that security measures are implemented in all aspects of corporate operations. The Company has also established "Data Security Red Line (First edition)" and "Cybersecurity Regulations Code of Conduct" to strengthen data management across its business.¹⁴

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Bilibili has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories. Sustainalytics encourages Bilibili to publicly disclose its environmental and social risk management systems and report on its performance.

Section 3: Impact of Use of Proceeds

All seven use of proceeds categories are aligned with those recognized by GBP, SBP and GLP. Sustainalytics has focused on green buildings, energy efficiency and access to education below where the impact is specifically relevant in the local context.

The role of green buildings to achieve Carbon neutrality in China

As of 2019, China had the highest share of carbon dioxide emissions in the world, accounting for 28% of total global GHG emissions.¹⁵ As per its 2020 updated Nationally Determined Contribution's, China has committed to achieve peak carbon emissions before 2030 and reach carbon neutrality before 2060.¹⁶

China is the world's largest real estate market, with half of the new buildings constructed annually worldwide being located in China.¹⁷ The buildings sector is a significant contributor of carbon emissions in China accounting for 20% of China's emissions in 2018.¹⁸ In addition, emissions associated with the production of

¹² The information has provided by Bilibili.

¹³ Zhengzhou Weichi Foreign Enterprise Service Center, "Environmental Impact Assessment Law of the People's Republic of China", at: <https://www.waizi.org.cn/law/11686.html>

¹⁴ Bilibili Inc, "Bilibili 2020 Environment, Social and Governance Report", 19, at: <https://ir.bilibili.com/static-files/44086ed3-2c9b-48f6-b515-8e894d1f8fa2>

¹⁵ China: CO₂ Country Profile (2020), at: <https://ourworldindata.org/co2/country/china>

¹⁶ Climate Action Tracker, Country Summary (2021), at: <https://climateactiontracker.org/countries/china/>

¹⁷ Alliance experts, China green building and sustainable building (2020) at:

¹⁸ THUBERC, 2020 Annual Report on China Building Energy Efficiency, China Architecture & Building Press, Beijing (Chinese) (2020), at: <https://www.sciencedirect.com/science/article/pii/S1674927821000939#bib33>

electricity and heat remain the biggest source of greenhouse gas (GHG) emissions in the country.¹⁹ It is estimated that the urban population in China will reach 1 billion by 2030. This entails expected growth in urban real estate sector, making the sector an important player in controlling carbon emissions and energy consumption.²⁰ The opportunities for the Chinese green building industry are significant, with an estimated USD 12.9 trillion in potential low-carbon building investments by 2030.²¹

Under the 14th Five Year Plan for Construction Development released by the State Council of China, the Chinese Government set a target of reducing its energy intensity by 13.5% between 2021 and 2025.²² The previous 13th FYP required increasing the share of urban green buildings to 50% of newly built infrastructure, and the proportion of green building materials used to reach 40%²³. As per Ministry of Housing, Urban and Rural Development, 40% of the new residential and commercial buildings in the urban areas of China are green buildings.²⁴ The 14th Five Year Plan also focuses on designing clean and efficient buildings and infrastructure and retrofitting buildings to achieve energy efficiency.²⁵ The Government of China has legislation directing Chinese corporations to implement standards and regulations for residential and commercial buildings.²⁶

Based on the above context, Sustainalytics recognizes the importance of promoting green buildings in the reduction of GHG emissions in China. Green building projects funded through Bilibili's Sustainable Finance Framework are expected to provide positive environmental impacts in China.

Importance of financing energy efficient data centres

In 2019, China had about 74,000 data centres, equivalent to 23% of the global total.²⁷ As per GreenPeace East Asia, data centers consumed more than 120TWH of power in China in 2017. Additionally, energy consumption by Internet data centers (IDC) is estimated to grow at a staggering 30% rate annually.²⁸ Studies suggest that if China's energy mix remains unchanged, its data centers' power consumption will increase by 30%, thus accounting for 163 million tonnes of carbon emissions in 2023.²⁹ In 2019, China's Ministry of Industry and Information Technology released the 'Guidelines on Strengthening the Construction of Green Data Centres' that promote usage of renewable energy to power data centres and highlights the importance of third-party green assessments. These Guidelines also emphasize the use of PUE as a measure for the efficiency of data centres.³⁰ In 2021, the Ministry of Industry and Information Technology launched the Three-Year Action Plan for New Data Center Development (2021-2023), which emphasizes the importance of reaching a utilization rate of 60% and reducing the PUE to less than 1.3 by end of 2023.³¹

Sustainalytics considers Bilibili's financing energy efficiency projects to have positive environmental impact by reducing GHG emissions and supporting China's transition towards a low carbon economy.

¹⁹ China Power, "How is China Managing its Green House Gas Emissions", at: <https://chinapower.csis.org/china-greenhouse-gas-emissions/>

²⁰ IFC, Climate Investment Opportunities in Emerging Markets, (2016), at 3503-IFC-Climate_Investment_Opportunity-Report-Dec-FINAL.pdf

²¹ The International Finance Corporation, Climate Investment Opportunities in Emerging Markets Report (2016), at: https://www.ifc.org/wps/wcm/connect/59260145-ec2e-40de-97e6-3aa78b82b3c9/3503-IFC-Climate_Investment_Opportunity-Report-Dec-FINAL.pdf?MOD=AJPERES&CVID=IBLd6Xq

²² BSR, China's Climate Goals, The 14th Five-Year Plan, and the Impact on Sustainable Business, (2021) at: <https://www.bsr.org/en/our-insights/blog-view/china-climate-goals-the-14th-five-year-plan-sustainable-business-impact>

²³ The State Council of China, 13th Five Year Plan for Construction Development 2017, at: <http://www.mohurd.gov.cn/wjfb/201705/W020170504041246.pdf>

²⁴ Shen, Y., and Faure, M., "Green Buildings in China" (2020), at: <https://link.springer.com/article/10.1007/s10784-020-09495-3>

²⁵ Hepburn et al, Towards carbon neutrality and China's 14th Five-Year Plan: Green COVID-19 recovery, sustainable urban development and clean energy transition, (2021). at: <https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2021/02/Towards-carbon-neutrality-and-Chinas-14th-Five-Year-Plan.pdf>

²⁶ Shen, Y, and Faure, M, (2020), "Green building in China", International Environmental Agreements: Politics, Law and Economics, at: <https://link.springer.com/article/10.1007/s10784-020-09495-3>

²⁷ China Dialogue, "The climate cost of China's digital infrastructure rush" (2020) at: <https://chinadialogue.net/en/cities/11960-the-climate-cost-of-china-s-digital-infrastructure-rush/>

²⁸ Mah, P., "How China is going green with data centers" (2019) at: <https://www.datacenterdynamics.com/en/analysis/how-china-goinggreen-data-centers/>

²⁹ China Dialogue, "How will China's Internet giants become carbon neutral?" at: <https://chinadialogue.net/en/business/how-will-chinas-internet-giantsbecome-carbon-neutral/>

³⁰ Data Centre Dynamics, "How China is going green with data centers" (2019) at: <https://www.datacenterdynamics.com/en/analysis/how-china-goinggreen-data-centers/>

³¹ Zheng, D., "China issues three-year action plan for new data center development " (2021) at: <https://cnetechpost.com/2021/07/14/china-issues-three-year-action-plan-for-new-data-center-development/>

Importance of access to education and training facilities in China

According to the United Nations, the COVID-19 pandemic affected 1.6 billion students³², many of whom come from vulnerable groups that lack the means to facilitate remote learning.³³ As a result of the pandemic, one-third of the upper-middle and high-income countries have decreased their education budgets.³⁴ The OECD found that “the students likely to lose the most will be children and the youth from low-income households, ethnic minorities, indigenous backgrounds, diverse gender and sexual orientations and those with special education needs.”³⁵

In China, the literacy rate³⁶ stands at 96.4% - ahead of the global average of 85% as estimated by the World Bank.^{37,38} The Chinese education system has undergone continuous reform since the 1980s and operates as the largest education system in the world with 400 million students. During this time, the percentage of high school graduates that attend university tripled from 20% to 60%.³⁷ The education system is steered largely by the Ministry of Education which provides nine years of compulsory education free of cost. The 14th Five-year plan focuses on equitable access to basic public education, adaptable vocational and technical education, improving the quality of higher education, promoting educational equity in poverty-stricken areas largely inhabited by ethnic minorities and remote areas, ensuring access to education to rural areas, low-income households and students with disabilities, and enhancing the competence of teachers.³⁹ The Chinese government has established the Compulsory Education School Management Standards that outline the basic requirements for the management of schools providing compulsory education to ensure access to high quality free education.⁴⁰ However, only 50% of students in rural regions have undisrupted access to online classes, with one-third of those students being completely cut off from learning during the COVID-19 pandemic.⁴¹ According to the China Rural Education Development Report, from 2016 to 2017, the number of rural schools decreased by nearly 8,000 and the number of rural students by 1.4 million.⁴²

While significant progress has been made, significant challenges still exist, particularly with regards to access to quality education in remote areas and vulnerable groups. Sustainalytics believes that Bilibili’s investments in educational and training projects are expected to positively contribute towards the access of education services in China.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bond(s) issued under the Bilibili Sustainable Finance Framework advances 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

³² United Nations, “Policy Brief: Education during Covid-19 and beyond”, (2020), at: https://www.un.org/development/desa/dspd/wp-content/uploads/sites/22/2020/08/sg_policy_brief_covid-19_and_education_august_2020.pdf

³³ United Nations, “UN report finds COVID-19 is reversing decades of progress on poverty, healthcare and education”, (2020), at: <https://www.un.org/development/desa/en/news/sustainable/sustainable-development-goals-report-2020.html>

³⁴ World Bank, “Two-Thirds of Poorer Countries Are Cutting Education Budgets Due to COVID-19”, (2021), at: <https://www.worldbank.org/en/news/press-release/2021/02/22/two-thirds-of-poorer-countries-are-cutting-education-budgets-due-to-covid-19>

³⁵ OECD, “The Impact of COVID-19 on student equity and inclusion: Supporting vulnerable students during school closures and school re-openings”, (2020), at: <https://www.oecd.org/coronavirus/policy-responses/the-impact-of-covid-19-on-student-equity-and-inclusion-supporting-vulnerable-students-during-school-closures-and-school-re-openings-d593b5c8/>

³⁶ The literacy rate is defined as the population aged 15 and above who can read and write.

³⁷ China Mike, “Education in China– Interesting Facts & Figures”, (2020) at: <https://www.china-mike.com/facts-about-china/facts-chinese-education/>

³⁸ World Bank, Literacy Rate (2019) at: <https://data.worldbank.org/indicator/SE.ADT.LITR.ZS>

³⁹ The People’s Government of Fujian Province, “Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and Vision 2035 of the People’s Republic of China” at: https://www.fujian.gov.cn/english/news/202108/t20210809_5665713.htm

⁴⁰ OECD, “Education in China” (2016) at: <https://www.oecd.org/china/Education-in-China-a-snapshot.pdf>

⁴¹ Borgen Project, “WHAT YOU NEED TO KNOW ABOUT CHINA’S RURAL-URBAN EDUCATION GAP” (2020) at: <https://borgenproject.org/what-you-need-to-know-about-chinas-rural-urban-education-gap/>

⁴² Beijing Review, “Closing the urban-rural education gap becomes a focus of school reform”, at: https://www.bjreview.com/China/202103/t20210322_800241078.html

Energy Efficiency	7. Affordable and clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Renewable Energy	7. Affordable and clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Pollution Prevention and Control	12. Ensure sustainable consumption and production patterns	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Socioeconomic Advancement and Empowerment	10. Reduced Inequalities 8. Decent Work and Economic Growth	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status. 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
Access to Essential Services - Education	4. Quality Education	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship 4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations

Conclusion

Bilibili Inc. has developed the Bilibili Inc. Sustainable Finance Framework under which it may issue green, social and sustainability bonds and/or loans and other debt-financing instruments, such as convertible bonds, and use the proceeds to finance or refinance projects that improve the Company's environmental performance while increasing access to education and providing other social benefits in China. Sustainalytics considers that the projects funded by the bond and loan proceeds are expected to provide positive environmental and social impact.

Bilibili's Sustainable Finance Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that Bilibili is aligned with the overall sustainability strategy of the company and that the use of proceed categories will contribute to the advancement of the UN Sustainable Development Goals 4, 7, 8, 9, 10 and 12. Additionally, Sustainalytics is of the opinion that Bilibili has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Bilibili Inc. is well-positioned to issue sustainability bonds and that the Bilibili Inc. Sustainable Finance Framework is robust, transparent, and in alignment with the four core components of the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2021 and Green Loan Principles 2021.

Appendices

Appendix 1: Overview and Assessment of Green Building Certification Schemes

	Chinese Green Building Evaluation Label (China Three Star)	LEED ⁴³	BREEAM ⁴⁴
Background	The Chinese Green Building Evaluation Label is a Certification System used in China for residential and public buildings (including commercial, hotel and government-owned) that was introduced in 2006 by MOHURD (Ministry of Housing and Urban-Rural Development).	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.	Building Research Establishment Environmental Assessment Method (BREEAM) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK, BREEAM is used for new, refurbished and extension of existing buildings.
Certification levels	1-Star 2-Star 3-Star	Certified Silver Gold Platinum	Pass Good Very Good Excellent Outstanding
Areas of Assessment: Environmental Performance of the Building	<ul style="list-style-type: none"> Land savings and outdoor environment. Energy savings and utilisation; Water savings and utilisation; Material savings and utilisation; Indoor environment; Operations and management. 	<ul style="list-style-type: none"> Energy and atmosphere Sustainable Sites Location and Transportation Materials and resources Water efficiency Indoor environmental quality Innovation in Design Regional Priority 	<ul style="list-style-type: none"> Energy Land Use and Ecology Pollution Transport Materials Water Waste Health and Wellbeing Innovation
Requirements	<p>Prerequisites:</p> <p>The system functions on a checklist basis, with 1-Star buildings meeting 26 criteria, 2-Star an additional 43 items, and 3-Star on a further 14 items. Criteria and weighting differ for public and residential buildings. In public buildings, more weight is given to energy and material savings, while the standard for residential buildings places greater importance on urban land saving and outdoor environments.</p>	<p>Prerequisites (independent of level of certification) + Credits with associated points</p> <p>These points are then added together to obtain the LEED level of certification</p> <p>There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).</p>	<p>Prerequisites depending on the levels of certification + Credits with associated points</p> <p>This number of points is then weighted by item⁴⁵ and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score.</p> <p>BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.</p>

⁴³ Leadership in Energy and Environmental Design, at: <https://new.usgbc.org/leed>

⁴⁴ BREEAM, Building Research Establishment LTD, at: <https://breeam.com/>

⁴⁵ BREEAM weighting: Management 12%, Health, and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the overall score as one point scored in the Pollution item.

Performance display			
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Appendix 2: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Bilibili Inc.
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Bilibili Inc. Sustainable Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	November 6, 2021
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP and SBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds – Green Buildings, Energy Efficiency, Renewable Energy, Pollution Prevention and Control, Socioeconomic Advancement and Empowerment and Access to Essential Services (Education) – are aligned with those recognized by the Green Bond Principles, Social Bond Principles and Green Loan Principles. Sustainalytics considers that investments in the eligible categories aim to improve the environmental impact of Bilibili Inc.'s operations, increase access to education and create other social benefits in China while advancing the UN Sustainable Development Goals, specifically SDG 4, 7, 8, 9, 10 and 12.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input checked="" type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBPs:

Use of proceeds categories as per SBP:

- | | |
|---|---|
| <input type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input type="checkbox"/> Affordable housing | <input type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input checked="" type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input type="checkbox"/> Other (please specify): |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Bilibili Inc.'s internal process for identifying and monitoring projects will be carried out by the Sustainable Financing Working Group. The eligible projects identified by the Sustainable Finance Working Group will go through an internal process that includes final review by senior management and the Board of Directors. Bilibili Inc. applies risk management measures in its allocation decisions to mitigate relevant environmental and social risks. Sustainalytics considers these risk management systems to be adequate and the project selection process to be in line with market practice

Evaluation and selection

- | | |
|---|--|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Bilibili Inc.'s Sustainable Financing Working Group will oversee the management of proceeds. The net proceeds under the Framework will be tracked through an internal tracking system. Pending allocation, net proceeds will be temporarily invested in cash equivalent, deposits, structured deposits, money market funds and other short term high liquidity products. This is in line with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify): |

Additional disclosure:

- | | |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify): |

4. REPORTING

Overall comment on section (if applicable):

Bilibili Inc. intends to report on the allocation and impact of proceeds as part of its ESG Report on Bilibili's investor relations website on an annual basis until full allocation. Allocation reporting will include information on eligible projects financed, proportion of financed and refinanced projects, unallocated proceeds and details on temporary allocation. In addition, Bilibili Inc. is committed to reporting on relevant impact metrics. Sustainalytics views Bilibili's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported:

- | | |
|---|---|
| <input type="checkbox"/> Allocated amounts | <input type="checkbox"/> Sustainability Bond financed share of total investment |
| <input checked="" type="checkbox"/> Other (please specify): unallocated amounts and their temporary allocation, proportion between financing and refinancing, and examples of eligible projects | |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported (expected or ex-post):

- | | |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
|---|--|

- | | |
|--|--|
| <p><input type="checkbox"/> Decrease in water use</p> <p><input type="checkbox"/> Target populations</p> | <p><input checked="" type="checkbox"/> Number of beneficiaries</p> <p><input checked="" type="checkbox"/> Other ESG indicators (please specify): Office space that is certified including the type of scheme, certification level, Incremental volume of IDC (MW) with PUE equal to or less than 1.5, Electricity from clean and renewable energy (MWh), Quantity of photovoltaic panels installed and electricity produced in IDCs or office buildings, Amount of waste treated, reused or recycled (ton) from Bilibili's facilities, Annual number of content creators supported, Annual number of rural children registered to Bilibili sponsored schools or programs, Annual number of schools, classrooms constructed in rural areas, Annual number of educational equipment provided, including laptops, projectors, printers, etc., Annual number of volunteers for rural education sponsored by Bilibili</p> |
|--|--|

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Means of Disclosure

- | | |
|---|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): Bilibili's ESG report |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE
Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):
Date of publication:
ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP

- i. Second-Party Opinion: An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. Certification: An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green, Social and Sustainability Bond Scoring/Rating: An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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