

Bilibili Inc

Type of Engagement: Annual Review

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Introduction

In 2021, Bilibili Inc (“Bilibili” or the “Company”) developed the Bilibili Sustainable Finance framework (the “Framework”) aimed at financing existing and/or future projects that are expected to reduce the environmental impact of the Company’s operations while increasing access to education and providing other social benefits in China. In 2022, Bilibili engaged Sustainalytics to review the projects funded through the issued 2021 sustainability bonds and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Bilibili Sustainable Finance Framework.¹ Sustainalytics had provided a Second-Party Opinion on the Framework.²

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded with proceeds from the 2021 sustainability based on whether the projects and programmes:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Sustainable Finance Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Sustainable Finance Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria, and associated KPIs and the associated KPIs.

Table 1: Use of Proceeds, Eligibility Criteria, and associated KPIs

Use of Proceeds	Eligibility Criteria	Key performance indicators (KPIs)
Green Buildings	Expenditures related to the acquisition, design, construction, operation and maintenance of buildings that meet or expected to meet regional, national or internationally recognized green building standards or certifications, such as: <ul style="list-style-type: none"> • Chinese Green Building Evaluation Label (Two star or above) • LEED V4.0 or V4.1 (Gold or Platinum) • BREEAM (Excellent or Outstanding) 	<ul style="list-style-type: none"> • Office space that is certified including the type of scheme, certification level • Annual energy savings (MWh p.a.) • Greenhouse gas emissions avoided (mtCO₂e) over a building’s/all buildings/all data centers’ lifetime or annually
Energy Efficiency	<ul style="list-style-type: none"> • Expenditures related to the acquisition, design, construction, operation, maintenance, leasing and improvements of internet data centers (“IDC”). Example projects may include: <ul style="list-style-type: none"> ○ Additional procurement and development of servers with energy efficiency certificates from China Quality Certification Center, replacement of old 	<ul style="list-style-type: none"> • Incremental volume of IDC (MW) with Power Usage Effectiveness (PUE) equal to or less than 1.5 • Energy savings (MWh/year or over project lifetime) • Greenhouse gas emissions avoided (mtCO₂e)

¹ Bilibili Inc, “Sustainable Finance Framework” at: <https://ir.bilibili.com/static-files/d01468c8-fcb3-4d74-a592-f745491f2ba5>

² Bilibili Inc, “Second Party Opinion” at: <https://ir.bilibili.com/static-files/fb7ef9c5-9981-4e9e-9366-8ecdc23181c>

	<p>servers, and the development of IDCs</p> <ul style="list-style-type: none"> ○ Data centers to achieve Trailing 12-month Power Usage Effectiveness equal to or less than 1.5 • Expenditures and investments related to design, construction, operation, and maintenance of energy efficient facilities and infrastructure. Example projects may include, but are not limited to: <ul style="list-style-type: none"> ○ Replacement of general lights with LED or other energy efficient lights ○ Installation of innovative cooling systems ○ Smart Energy Management System • Expenditures related to installation of electric vehicle charging stations 	
Renewable Energy	<p>Expenditures and associated costs of renewable energy generation and procurement at Bilibili's sites and offices. Example projects may include:</p> <ul style="list-style-type: none"> • Wind / solar power purchase agreements / mechanism • On-site renewable energy generation 	<ul style="list-style-type: none"> • Electricity from clean and renewable energy (MWh) sources • Annual greenhouse gas emissions reduced/avoided (mtCO₂e) • Quantity of photovoltaic panels installed, and electricity produced in IDCs or office buildings
Pollution Prevention & Control	<p>Expenditures related to projects that increase waste diversion from landfill and waste conversion for mitigating environmental impact. Example projects may include:</p> <ul style="list-style-type: none"> • Installation and maintenance of waste processing system or equipment in Bilibili's office buildings, facilities or IDCs 	<ul style="list-style-type: none"> • Amount of waste treated, reused or recycled (tonnes) from Bilibili's facilities
Socioeconomic Advancement and Empowerment	<p>Expenditures related to establish a comprehensive program to empower underprivileged content creators to produce content to allow for socioeconomic advancement and empowerment.</p>	<ul style="list-style-type: none"> • Annual number of content creators supported
Access to Essential Services - Education	<ul style="list-style-type: none"> • Support rural school construction and have established Bilibili Beautiful Primary School and Bilibili Dream Primary School to help children from rural areas • Expenditures related to both content creation on social related topics and to enhance knowledge accessibility and education <ul style="list-style-type: none"> ○ Development and procurement of educational content and 	<ul style="list-style-type: none"> • 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.

	<p>video courses for children in rural areas, such as Bilibili Dream Course.</p> <ul style="list-style-type: none"> Expenditures related to support a comprehensive program to provide support for teachers in rural areas, such as Support Young Volunteer Teachers Program and Bilibili University Dream Teacher Project. 	<ul style="list-style-type: none"> Annual number of volunteers for rural education sponsored by Bilibili
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Issuing Entity’s Responsibility

Bilibili is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, amounts allocated, and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of Bilibili’s Sustainability Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from Bilibili employees and review of documentation to confirm the conformance with the Sustainable Finance Framework.

Sustainalytics has relied on the information and the facts presented by Bilibili with respect to the Nominated Projects. Sustainalytics is not responsible, nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by Bilibili.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

Conclusion

Based on the limited assurance procedures conducted,³ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of Bilibili’s Sustainability Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Sustainable Finance Framework.

³ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Detailed Findings

Table 3: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the sustainability bond in 2021 to determine if projects aligned with the Use of Proceeds Criteria outlined in the Sustainable Finance Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the projects funded by the sustainability bond in 2021 to determine if impact of projects was reported in line with the KPIs outlined in the Sustainable Finance Framework and above in Table 1. For a list of KPIs reported please refer to Appendix 1.	All projects reviewed reported on at least one KPI per Use of Proceeds criteria.	None

Appendix

Appendix 1: Allocation and Impact Reporting by Eligibility Criteria

In December 2021, Bilibili Inc issued a Sustainability Bond with a value of USD 1.6 billion. The total allocation till 28th February 2022, was RMB 3,458.95 million (approx. USD 542.62 mn)⁴. The proceeds are intended to be fully allocated within 48 months of the issuance. Of the current allocation of RMB 3,458.95 mn, 45% of net proceeds were used to finance new projects, while 55% were used to refinance existing projects. The table below provides a detailed break-up of the allocation of net proceeds category-wise.

Use of Proceeds Category	Sub-Categories	Net Bond Proceeds Allocation (million RMB)	Environmental Impact Reported by Eligibility Criteria
Green Buildings	Acquisition of land for green building	2,785.31	Land Acquisition for green buildings to be completed within 2026. Bilibili has confirmed that on completion, the green buildings will align to the requirements/certifications under the Green Building category of the Framework.
	New purchase and replacement of old servers with energy efficiency certificates from China Quality Certification Center	658.95	The Company has confirmed that the purchased servers are with energy efficiency certifications from Chinese Quality Certification Center ^{5,6} .
Energy Efficiency	Leasing expenditure of R2-AZ2 IDC project	3.56	The expenditure is for leasing cost for R2-AZ2 IDC, ⁷ that is expected to have a change with PUE<1.3 ⁸ once completely operational.
	Supporting of rural school construction	10.30	4 rural schools built in China and 3,465 students enrolled
Access to Essential Services - Education	Expenditures of education video courses for children in rural areas, such as Bilibili Dream Course	0.34	381,971 rural ⁹ students as beneficiaries to the program as of February 10, 2022
	Support to rural school teachers	0.49	<ul style="list-style-type: none"> 13 teachers from rural⁹ schools were selected and awarded by Bilibili Happy Scholarships in 2021 2,436 volunteer rural⁹ teachers supported.
Total		3,458.95	

⁴ 1 RMB= 0.16 USD. Source: <https://www.bloomberg.com/quote/USDCNY:CUR> (as of Apr 4, 2022)

⁵ Since these projects are in early stage of development, Bilibili currently doesn't report the energy savings and GHG emissions avoided due to replacement/purchase of servers. The Company has confirmed to Sustainalytics that it will report on the aforementioned metrics in the subsequent Annual Reviews.

⁶ The investments under this category will contribute to maintaining IDCs at PUE<1.5 as outlined in the framework.

⁷ The mentioned name is a codename for the IDC and the location is kept confidential as per the request of the Issuer. The IDC is under construction and will be completed by the end of 2024

⁸ The project is expected to be fully operational by 2024

⁹ 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

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