

Pakistan Water & Power Development Authority

Type of Engagement: Annual Review

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Engagement Team:

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Introduction

In 2021, the Pakistan Water & Power Development Authority (“WAPDA” or the “Company”) developed the WAPDA Green Bond Framework (the “Framework”) aimed at financing or refinancing existing and/or future projects that increase the share of renewable energy in Pakistan’s energy mix. In March 2022, WAPDA engaged Sustainalytics to review the projects funded through the green bond issued in 2021 and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Framework.

Evaluation Criteria

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

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

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

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

Use of Proceeds	Eligibility Criteria	Key performance indicators (KPIs)
Renewable Energy	Hydropower or wind power electricity generation projects with a carbon intensity of less than 100gCO ₂ e/KWh, subject to independent environmental and social risk monitoring and mitigation.	GHG emissions avoided in tonnes of CO ₂ e.

Issuing Entity’s Responsibility

WAPDA 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 WAPDA’s Green Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from WAPDA employees and review of documentation to confirm the conformance with the WAPDA Green Bond Framework.

Sustainalytics has relied on the information and the facts presented by WAPDA 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 WAPDA.

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,¹ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of WAPDA's Green Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the WAPDA Green Bond Framework. The Company has disclosed to Sustainalytics that the proceeds of the green bond were fully allocated as of 31 December 2021.

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 green bond in 2021 and 2022 to determine if projects aligned with the Use of Proceeds Criteria outlined in the 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 green bond in 2021 and 2022 to determine if impact of projects was reported in line with the KPIs outlined in the 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

¹ 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.

Appendices

Appendix 1: Allocation and Impact Reporting by Eligibility Criteria

Use of Proceeds Category	Project	Proceeds Allocated (million PKR) ²	Proceeds Allocated (million EUR) ³	GHG emissions avoided (million tonnes of CO ₂ e)
Renewable Energy – run of river hydropower	Tarbela T4:	9,761	47.98	20
	Dasu HPP:	67,349	331.06	223
Total		77,111	379.04	243

² On 4 June 2021, WAPDA received green bond net proceeds of approximately PKR 77,111 million, the equivalent to USD 499 million. The exchange rate on 4 June 2021 was: USD 1 = PKR 154.53; PKR 1 = USD 0.0065

³ The exchange rate from 5 April 2022 was used in converting Pakistani Rupee to Euro: PKR 1 = EUR 0.00491640; EUR 1 = PKR 203.401.

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