

# World Bank Group

*External Assurance  
on 2020 GHG emissions  
for internal business operations*

## Management Letter

*September 2021*



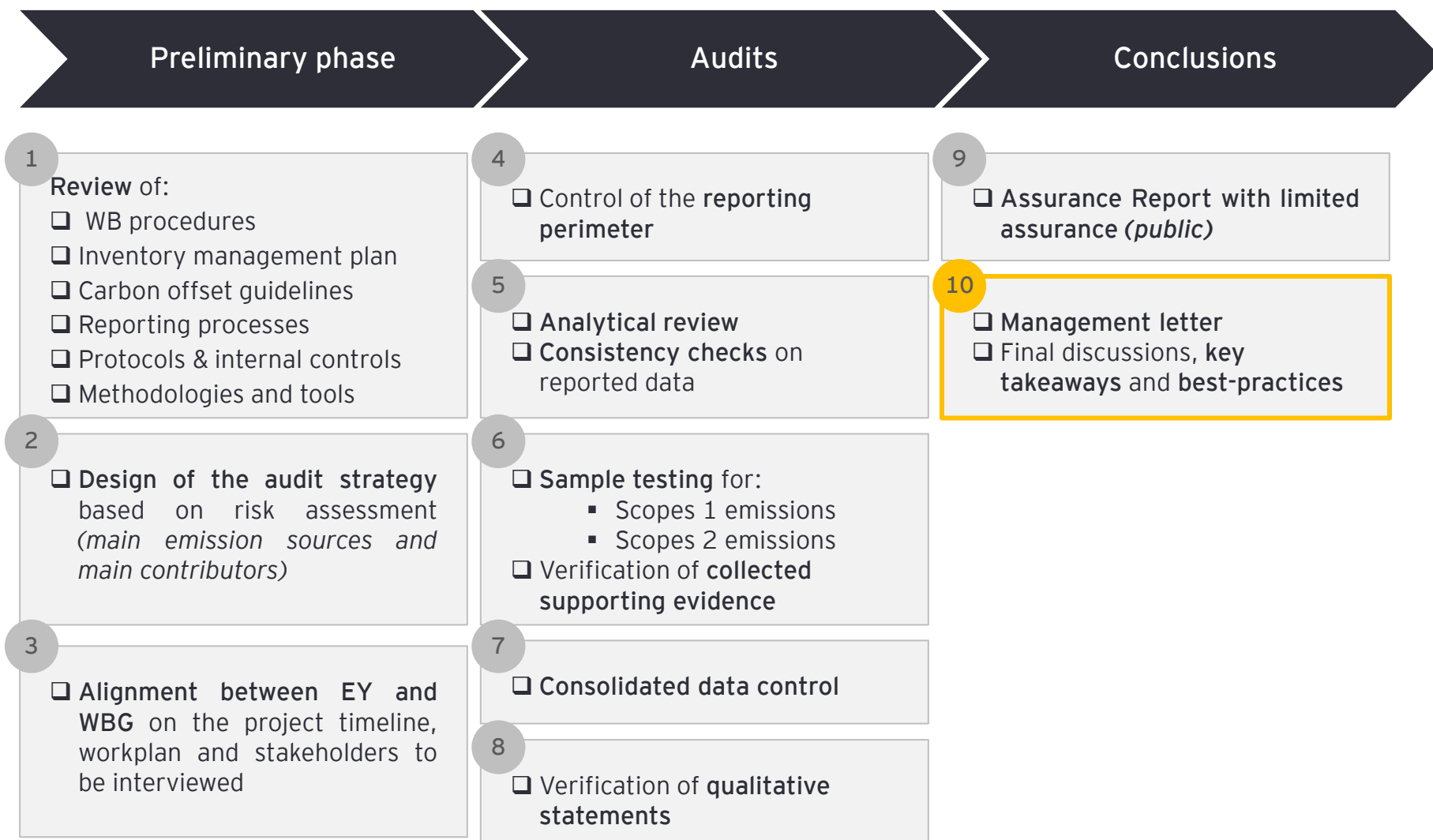
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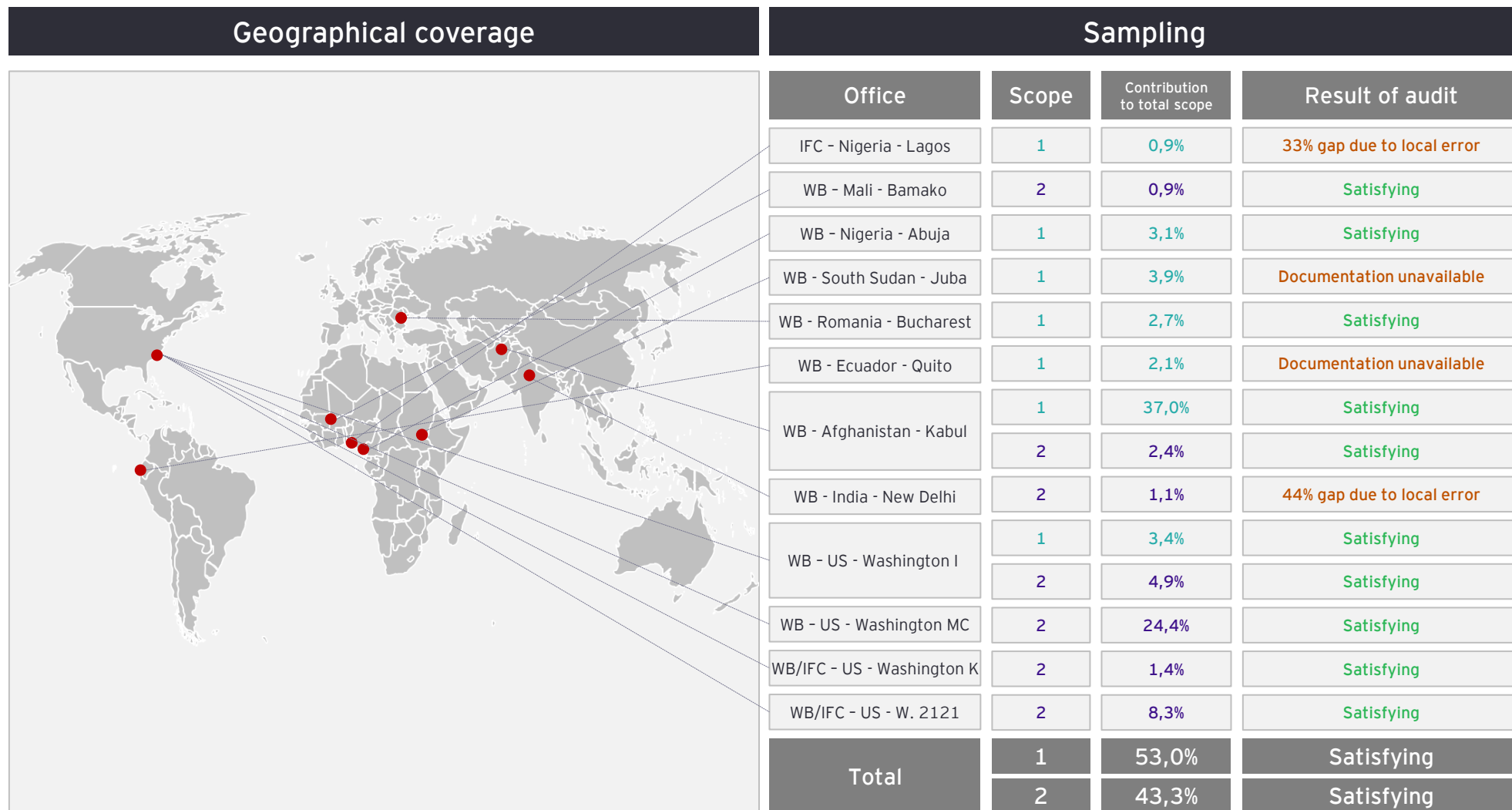
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## Steps of our audit verification process



We have tested almost 50% of the WBG scopes 1 & 2 emissions, in a representative selection of geographical location including HQ buildings and 8 local offices



### Workdone and improvement areas



#### WBG Method

- All facilities are required to report their activity data of energy (*kWh, m<sup>3</sup>*) into UL360 tool
- UL360 automatically calculates GHG emissions using IEA 2013 emission factors
- Country offices can upload their energy bills into the tool:
  - 15 country offices at most do share their invoices
  - Quality controls are performed by the WBG, verification and investigation of significant variations are performed at site level
- If no data is available, an estimate data is used instead



#### Good Practices Observed

- ✓ Strong quality control
- ✓ Reliable data estimates when primary activity data are not available
- ✓ Relying on multiple proxies (*surface, number of employees, monthly averages, etc.*)



#### Improvement Opportunities

- Update emission factors used (*i.e. 2013 from IEA*)
- A few non-significant gaps were identified then corrected



#### Best Practices on the Market

- Strong quality control at various stages of the reporting process.
- Estimation of missing data using recent and reliable proxies.
- Disclose both location- and market-based scope 2 emissions.

## Workdone and improvement areas



### WBG Method

- Tool connected with the ICAO calculator to get flight info and calculate related emissions
- Data extracted from SAP containing flights legs and from ICAO for distances
- WBG uses ICAO emission factors to calculate GHG emissions
- Several retreatments are performed:
  - x2 emissions for any flights longer than 2,500 km, assumed all in business class
  - x1.9 to include contrails radiative forcing impact
- Use of estimates when data is missing (e.g. *distance between start and end city when stopovers are missing, average country CO2 emission factor when no data returned by ICAO, etc.*)
- Removal of duplicate records (multiple departments paying for the same flights)



### Good Practices Observed

- ✓ Satisfactory coverage rate (96.2% of all flight)
- ✓ Conservative assumptions consistent with the WB policy (business class for >5 hours flights)
- ✓ Including impact of radiative forcing (*starting FY2020*)



### Improvement Opportunities

- Some gaps identified and not explained on removal of duplicate records (*not material*).
- Collect actual data on classes (business vs. economy) to improve reporting quality and accuracy.
- Use actual emission factors calculated with contrails impact, rather than applying a x1.9 factor.



### Best Practices on the Market

- Use as precise calculation method as possible (flight-specific, or at least differentiate short/medium/long-haul with their respective emission factors).

## Food Procurement (Cool Food Pledge)

### Workdone and improvement areas



#### WBG Method

- Scope includes all food procurement from Washington DC HQ buildings
- The majority of procurement is ordered online and monitored, allowing precise tracking
  - Additional reporting mechanism for vendors not using the online process
- Calculation and reporting steps:
  - Data are directly extracted from the online platform in Excel format
  - WBG converts data in metric system and allocate some fruits categories if necessary
  - The WBG reports kgs and liters for each type of food to CFP every year
  - CFP calculates corresponding GHG emissions and returns completed calculator to WBG



#### Good Practices Observed

- ✓ Data are collected from reliable sources
- ✓ GHG emissions are calculated using reliable emission factors from scientific literature



#### Improvement Opportunities

- Coverage could be increasing to local offices using estimates
- Method does not capture all food procurement (*sushi, bakery items, candies, etc.*), materiality could not be assessed
- No information on the primary origin of the food is available
- Calculator does not take into account sustainable sourcing practices: turning to local and organic food would not be taken in account by the CFP calculator



#### Best Practices on the Market

- Collect primary origin of all ingredients / food purchased
- Collect direct emissions data from suppliers if available
- Encourage employees to reduce their consumption of food with high CO2 impact (*red meat, etc.*)

## Purchased goods and services (*not included in communicated GHG inventory*)

### Workdone and improvement areas



#### WBG Method

- Coverage of 55-60% of the WBG spent. Several notable exclusions:
  - Air travel (*already covered in dedicated task*)
  - Health care spend, small invoices without payments, purchasing cards, etc.
- Spent are extracted from SAP then manually mapped to EIO/LCA economic sectors
- Input/output tables are used to convert spent into GHG emissions, using a Purchaser Price Models (*cradle-to-gate GHG data*), 2002 dataset



#### Good Practices Observed

- Use of reliable source for primary data (*SAP*)



#### Improvement Opportunities

- 20 year-old method and emission factors must be challenged and updated to integrate more recent and accurate emissions intensities per sector (*e.g. IT uses, energy consumption, etc.*)
- Methodological bias: US-centric tool whereas 40% of spent are made abroad. Nevertheless, the majority of the spend is on services, for which emission factors might be the same regardless the geographies where they were delivered.



#### Best Practices on the Market

- Use most specific methods (*e.g. supplier-specific, hybrid mixing supplier data & secondary data*)
- Rely on recent emission factors, to reflect changes in the modern economy carbon intensities

## Workdone and improvement areas



### WBG Method

- Strategy of purchasing Renewable Energy Certificates in the US to compensate local scope 2 emissions.
- Abroad remaining emissions are offset through certificates
- Procurement strategy:
  - The WB and IFC sent a common RFP to carbon offsets projects developers
  - Project developers must comply with project criteria set by the WBG
  - After project selection, each entity buys its own offsets separately
- Tools and registers:
  - The WBG mostly used Markit tool
  - Each year, the WBG collects cancellation certificates to steer carbon credits used
- Monitoring & accounting of purchased and cancelled credits manually in an Excel file



### Good Practices Observed

- Effectively monitoring of remaining carbon credits from each project, which can be used the following years
- Oldest carbon credits are cancelled in priority, to avoid storing vintage credits



### Improvement Opportunities

- See next page



### Best Practices on the Market

- Setup socio-economic criteria for project sourcing
- Commit to long-term business relationships with carbon offset project developers
- Measure the carbon footprint of the WBG own investments and insetting projects

## Measure the carbon impact of projects supported by the WBG, including carbon gains

WHY?

### ▶ Best reporting practices

The GHG Protocol recommends that financing institutions monitor the carbon footprint of equity investments, debt investments, project finance, managed investments and client services

### ▶ Trends on carbon accounting and reporting for financial institutions

Banks and financing institutions are more and more encouraged to monitor the carbon footprint of their investments and align their investment strategy on a 2DS-compatible path

## EY Recommendation

- ▶ In near future, measure the **carbon footprint** associated with all **investments and development projects** made by the WBG, starting with the larger ones and those on economic sectors known for having a major climate impact.
- ▶ Have those projects verified and certified by recognized standards (VCS, Gold Standard, etc.).
- ▶ Possibly communicate on **saved and avoided GHG emissions** thanks to the WBG investments and related co-benefits.



## Best Carbon Offset Practices

### Avoid, reduce, offset

Priority shall be given to **avoiding and reducing its own emissions** before purchasing carbon credits for **offsetting**.

### Full Traceability

Ensure that each **carbon credit** used by the company is **traceable down to the project** which generated it.

### Long-term Partnerships

Build **long-term partnerships** with carbon offset **project developers**, to secure their funding, project resilience and **permanent sequestration of carbon**.

### Geographical Connection

Preferably **source from projects** that are located **nearby the WBG activities** (same countries, regions, etc.).

### Markets Connection

Whenever possible, **prefer insetting to offsetting**, e.g. generate carbon credits and GHG emissions savings within the WBG value chain (upstream or downstream).

## Our opinion statement

Opinion

Opinion without qualification expressed:

▶ Assurance on the compliance of the Statement:

Compliance of the declaration with applicable regulatory provisions

▶ Assurance on the sincerity of the Statement:

The Information, taken as a whole, is presented with sincerity, in accordance with the Referential.



Conclusion

No comment

*"Without qualifying our conclusion, we draw your attention to the following matter: the WBG is working to expand its disclosure to include Scope 3 procurement of purchased goods and services, but, as of now, only food procurement from the WBG Headquarters in Washington, DC is included in the disclosed inventory."*

# THANK YOU



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## Contacts :

### Alexis Gazzo

Partner

E-mail : [alexis.gazzo@fr.ey.com](mailto:alexis.gazzo@fr.ey.com)

### Antoine Bateman

Manager

Tel : +33 7 64 82 17 04

E-mail : [antoine.bateman@fr.ey.com](mailto:antoine.bateman@fr.ey.com)

### Renaud Schmitt

Senior Auditor

Tel : +33 7 62 78 50 64

E-mail : [renaud.schmitt@fr.ey.com](mailto:renaud.schmitt@fr.ey.com)

[www.ey.com](http://www.ey.com)