# S&P Global Sustainable1

## Nature & Biodiversity Risk Dataset

## Notice of Methodology Enhancements

### April 2024

The S&P Global Sustainable1 Nature & Biodiversity Risk dataset assesses nature-related impacts **and dependencies across a company's direct operations that can be applied at the asset, company,** and portfolio level. The dataset applies the Nature Risk Profile, a new methodology for analyzing companies' impacts and dependencies on nature, launched by S&P Global Sustainable1 and the UN Environment Programme (UNEP) in January 2023.

The Nature & Biodiversity Risk dataset supports companies, investors, and entities as they seek to understand, manage, and mitigate exposure of corporates and portfolios to nature-related risks and impacts. The dataset is in line with the Taskforce on Nature-related Financial Disclosures (TNFD) LEAP approach and can be leveraged by market participants for more transparent alignment with the TNFD recommendations.

The dataset is updated annually, and this process includes an update to all asset level data and company reference information included in the dataset methodology, and a series of methodology enhancements that improve the quality of the nature risk assessment offered in the dataset. This notice describes the methodology enhancements that are currently under review and that S&P Global Sustainable1 intends to incorporate in Q3 2024, which we expect to release in September 2024. The methodology updates contained in this notice are under currently review and may be subject to change. The purpose of this notification is to ensure we maintain transparency in our methodological process and decisions with the market. The full release will be accompanied by a detailed methodology report describing the data sources, methods and assumptions used in the analysis, and a release note describing the impact of the methodology changes on the dataset.

Methodology Enhancements under Review

The following table describes the methodology enhancements that are under review and being considered for the Q3 2024 Nature & Biodiversity Risk release, the expected impact on the dataset, and the intended benefit of these enhancements for clients. The enhancements described below may be subject to change and the related expected impact may also differ from what has been described below as these updates are yet to be implemented and are under review.

| Enhancement Name | Enhancement Description | Client Benefit | Expected Impact on Nature & Biodiversity Risk Dataset |
|---|---|---|---|
| Fluvial Flood Resolution Enhancement (from the Physical Risk Dataset) | Fluvial flood hazard resolution will be increased to 1x1km through the integration of projected 1-in-100 year flood extent data sourced from the WRI Aqueduct Floods dataset. | Higher resolution analysis of fluvial flood risks at asset locations and in surrounding areas<br>Reduced overestimation of fluvial flood hazard within high fluvial hazard basins but at high elevation locations or | Some assets previously modelled as having exposure to fluvial flood, but which are located distant from rivers or in high elevation locations, will no longer be modelled as exposed to fluvial flood. This will most likely result in reduced flood and storm protection relevant scores for the affected assets. Consequently, the relevance |

| | | locations distant from rivers | score or some companies will be reduced. |
|---|---|---|---|
| Pluvial Flood Hazard Modelling (from the Physical Risk Dataset) | Pluvial flood hazard modelling will be added to the physical risk dataset in the Q1 2024 release, which is an input into the Nature & Biodiversity model. Pluvial flood hazard is modelled as the projected frequency of the 1-in-100 flood depth at approximately 25x25km resolution. | Expanded coverage of natural hazards. Alignment of hazard coverage between Nature & Biodiversity and the physical risk dataset. | Flood and storm protection relevant scores will account for one additional hazard. |
| Enhancement of KBA/PA overlap metrics | Addition of new columns to provide information on which KBA and/or PA an asset is overlapping with, as well as potential additional data about each of them. | Increased transparency provides more actionable insights. | New output columns providing additional information. |
| Enhancement of land / sea boundaries | Increased granularity of boundaries between land and sea used in geospatial modelling. | Increased precision of localization of assets and inclusion/exclusion of relevant assets | Some assets that were deemed in the sea / ocean may now be included in the assessment. |
| Asset database enhancements | Inclusion of new asset types as part of the annual asset database update (eg. beef processing plants) | Coverage of additional asset categories. | New asset categories may lead to marginally more companies being covered with asset-level information. |

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