

S&P Global Sustainable1

Scope 3 Greenhouse Gas Emissions Dataset

Notice of Methodology Enhancements

October 2024

This notice relates to the S&P Global Sustainable1 Scope 3 Greenhouse Gas (GHG) Emissions Dataset which provides users with emissions data across the value chain for companies in S&P Global Sustainable1's covered research universe (incorporating the Core Plus and Private Maintained Universe indices). The dataset is updated at least once per year, and this process includes an update to all years covered in the dataset and a refresh of underlying sources as applicable. This notice describes the methodology enhancements that are currently under review and that S&P Global Sustainable1 intends to incorporate in the Scope 3 Greenhouse Gas (GHG) Emissions Dataset update which we expect to release in Q1 2025. The methodology updates contained in this notice are currently under 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 document describing the data sources, methods and assumptions used in the analysis, and the impact of the methodology changes on the dataset.

Methodology Enhancements under Review

The following table describes the methodology enhancements that are under review, the expected impact on the dataset, and the intended benefit of these enhancements for clients. The enhancements and related impacts described below may be subject to change as these updates are yet to be implemented and are under review.

Enhancement Name	Enhancement Description	Client Benefit	Expected Impact
Use a standardised approach to ingest CDP disclosure data	Ingest all Scope 3 Downstream emission CDP company disclosure data without gap filling missing values with '0'. This will align the ingestion of CDP data from 2014-2019 with that from 2020 onwards.	Standardized approach across all financial years.	Change in the company disclosure data in the covered research universe. Changes in the GICS-level average emission factors and the emission values of companies modeled using these factors.
Remove condition for CDP disclosure to be Third Party Verified. This will be applied to all years	For all modelled years, remove the requirement for CDP disclosure to be third-party verified to be considered valid disclosure. Currently, this third-party verification requirement applies only to FY 2019-2020.	Standardized approach across all financial years. Enhanced coverage of company disclosure.	Change in the company disclosure in the covered research universe. Changes in the GICS-level average emission factors and the emission values of companies modeled using these factors.
Apply new rule for partial disclosure	If company disclosure is classified as partial data, follow this rule: exclude the partial data from the GICS emission factor estimation, consistent with the current approach. After estimating category emissions for the specified company and Scope 3 downstream	Additional disclosure will be included in the final dataset.	The companies impacted by this enhancement will see an increase in their total downstream emissions, provided all other factors remain constant.

	<p>category, check whether the partial disclosure exceeds the estimated value. If the partial disclosure is higher, use that value; otherwise, retain the estimated data.</p> <p>Note: We do not include partial data in the estimation of emission factors to ensure consistency and accuracy in the estimates by avoiding incomplete or unreliable data, which could skew the final results.</p>		
Amend business rule as to when we use bottom-up (production-based) estimates	Update methodology such that when validated company disclosure and bottom-up estimates are both available, disclosure will be given the higher priority. This removes the current rule that if bottom-up estimates are available and higher than disclosure or scaled-up emissions, the bottom-up values are used.	Additional disclosure will be included in the final dataset. Company Scope 3 downstream category data flags are more likely to remain consistent across financial years.	The companies impacted by this enhancement will see a decrease in their total downstream emissions, provided all other factors remain constant.
Scale-up emissions for more than one year	Under the current scale-up rule, if there is no disclosure for a specific downstream category in a given year but there was disclosure in the previous financial year, we scale up the disclosed emissions based on the year-on-year change in revenue. Currently, this is applied for a maximum of one year; however, we will expand this approach to cover at least two years	Company Scope 3 downstream category data flags are more likely to remain consistent across financial years.	The companies affected by this enhancement will likely experience more stable estimated emissions year to year.
Fix GICS-level average emission factors for a 12-month period	For all years, the Q1 GICS-level average emission factors will be set for the rest of the calendar year, unless model re-runs indicate significant changes in the estimated factors.	Decreases the intra-year volatility of revenue-based modeled estimates.	The companies impacted by this enhancement will have more stable estimated emissions throughout the calendar year.

S&P Global Sustainable1 Disclaimer

This content (including any information, data, analyses, opinions, ratings, scores, and other statements) (“Content”) has been prepared solely for information purposes and is owned by or licensed to S&P Global and/or its affiliates (collectively, “S&P Global”).

This Content may not be modified, reverse engineered, reproduced or distributed in any form by any means without the prior written permission of S&P Global.

You acquire absolutely no rights or licenses in or to this Content and any related text, graphics, photographs, trademarks, logos, sounds, music, audio, video, artwork, computer code, information, data and material therein, other than the limited right to utilize this Content for your own personal, internal, non-commercial purposes or as further provided herein.

Any unauthorized use, facilitation or encouragement of a third party’s unauthorized use (including without limitation copy, distribution, transmission, modification, use as part of generative artificial intelligence or for training any artificial intelligence models) of this Content or any related information is not permitted without S&P Global’s prior consent and shall be deemed an infringement, violation, breach or contravention of the rights of S&P Global or any applicable third-party (including any copyright, trademark, patent, rights of privacy or publicity or any other proprietary rights).

This Content and related materials are developed solely for informational purposes based upon information generally available to the public and from sources believed to be reliable. S&P Global gives no representations or warranties regarding the use of this Content and/or its fitness for a particular purpose and references to a particular investment or security, a score, rating or any observation concerning an investment or security that is part of this Content is not a recommendation to buy, sell or hold such investment or security, does not address the suitability of an investment or security and should not be relied on as investment advice.

S&P Global shall have no liability, duty or obligation for or in connection with this Content, any other related information (including for any errors, inaccuracies, omissions or delays in the data) and/or any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of this Content and/or any related information.

The S&P and S&P Global logos are trademarks of S&P Global registered in many jurisdictions worldwide. You shall not use any of S&P Global’s trademarks, trade names or service marks in any manner, and in no event in a manner accessible by or available to any third party. You acknowledge that you have no ownership or license rights in or to any of these names or marks.

Adherence to S&P's Internal Polices

S&P Global adopts policies and procedures to maintain the confidentiality of non-public information received in connection with its analytical processes. As a result, S&P Global employees are required to process non-public information in accordance with the technical and organizational measures referenced in the internal S&P Global Information Security and Acceptable Use policies and related guidelines.

Conflicts of Interest

S&P Global is committed to providing transparency to the market through high-quality independent opinions. Safeguarding the quality, independence and integrity of Content is embedded in its culture and at the core of everything S&P Global does. Accordingly, S&P Global has developed measures to identify, eliminate and/or minimize potential conflicts of interest for Sustainable1 as an organization and for individual employees. Such measures include, without limitation, establishing a clear separation between the activities and interactions of its analytical teams and non-analytical teams; email surveillance by compliance teams; and policy role designations. In addition, S&P Global employees are subject to mandatory annual training and attestations and must adhere to the Sustainable1 Independence and Objectivity Policy, the Sustainable1 Code of Conduct, the S&P Global Code of Business Ethics and any other related policies.

See additional Disclaimers at <https://www.spglobal.com/en/terms-of-use>

Copyright© 2024 S&P Global Inc. All rights reserved.