S&P Global Sustainable1

Scope 3 Greenhouse Gas Emissions Dataset

Notice of Methodology Enhancements

January 2025

This notice relates to the S&P Global Sustainable1 the 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 standardized approach to ingest CDP disclosure data	Ingest all CDP disclosure data using a standardized approach for emissions and evaluation status disclosure (including restatements). A centralized disclosure dataset for all Financial Years (FYs) will be generated, and used to create GICS emission factor (EF) averages. This will replace the previous layered approach, where FY 2019 data only included CDP disclosures from the 2020 report and earlier, and FY 2020 only included disclosures from the 2021 report and earlier etc. Restatements ingested directly from CDP reports are only added to the disclosure dataset for FYs where a company has not previously reported emissions; earlier disclosures remain unchanged. Separately, S1 also collects re-stated historical emissions data if the restatement is due to enhanced methodologies, disclosure errors or	Standardized approach across all FYs.	Changes 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.

	expansion of reporting boundaries. Note that if a company restructures and restates its historical emissions to reflect the new structure, S1 will not utilize data from these restatements as this would not accurately reflect the company at the time of original reporting in the Scope 3 Downstream Dataset.		
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 FYs. Enhanced coverage of company disclosure.	Changes in the company disclosure in the covered research universe. Changes in the GICS-level average EFs and the emission values of companies modeled using these factors.
Use a standardized approach for gap filling evaluation status and missing emissions disclosure	In cases where evaluation status is missing, gaps will be filled based on a forward filling approach, for a maximum of 3 years. Previously (2014-2019), missing or string value emissions disclosure data from CDP reports was treated as 'zero'. This practice stopped in 2020. The new standardized approach to gap filling, applied across all years of data, enhances stability when analysing company profiles from year to year.	Standardized approach across all FYs.	Change in the company disclosure in the covered research universe. Changes in the GICS-level average EFs and the emission values of companies modeled using these factors.
Standardized approach for deriving FY	Incorporation of financial accounting dates when deriving the FY of CDP data.	More standardized approach for deriving FY.	Changes in the company disclosure in the covered research universe. Changes in the GICS-level average EFs and the emission values of companies modeled using these factors.
GICS Emission Factor (EF) estimation	Update GICS EF estimations minimum datapoint thresholds to be based on number of emission values available (for each category), rather than number of companies with valid disclosure within the sub industry. If a given sub-industry has five or more valid data points available to calculate an average for all downstream categories—excluding non-material ones—and the non-material category's average value is	Reduce volatility in GICS EF's year on year. Reduce company profile volatility year-on-year.	Changes in the GICS-level average EFs and the emission values of companies modeled using these factors.

	low or missing, the sub-industry's EF is accepted. Gap-filled zero values are included in the average calculation, consistent with the previous approach. However, zero values now carry half the weight of non-zero values. Enable manual adjustments for highly volatile sub-industry EFs such that factors deemed inappropriate due to their low estimated values, which are considered unrepresentative of the GICS Sub-Industry are removed.		
Apply new rule for 'partial disclosure'	If company disclosure is classified as partial data, it will be excluded from the GICS EF estimation. Once category emissions for the specified company and Scope 3 downstream category have been estimated, the higher value of the two (partial or estimated) will be used. Note: Partial data is not included in the estimation of emission factors to ensure consistency and accuracy in the estimates by avoiding incomplete or unreliable data, which could skew results.	Additional disclosure will be included in the final dataset.	The companies impacted by this enhancement will see an increase in their total downstream emissions, all other factors will remain constant.
Amend business rule as to when we use bottom-up (production-based) estimates	When validated company disclosure and bottom-up estimates are both available, disclosure will be given the higher priority. This replaces the current approach 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, all other factors will remain constant.
Scale-up emissions for three years	Where there is no disclosure for a specific downstream category in a given year, and disclosure was provided in the previous financial year, disclosed emissions are currently scaled up based on the year-on-year change in revenue, for a maximum of one year. This approach will be extended to three years. Additionally, scale-up can now only occur when the GICS Sub-Industry from the previous year is the same as the Sub-Industry from the year without disclosure.	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 EF 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.

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