

# S&P Global Sustainable1

## Supply Chain Environmentally Extended Input Output [EEIO] Model

### Notice of Methodology Enhancements

April 2024

The S&P Global Sustainable1 (S1) Supply Chain Environmentally Extended Input Output (EEIO) Model and derived list of supply chain environmental intensity factors represent the indirect (supply chain) environmental intensity of 500+ activities, covering 100+ environmental KPIs, across various tiers of the supply chain. The dataset is aimed to be updated annually as part of its use in the S&P Global Sustainable1 Environmental Profiling Model, the update includes the calculations of the latest year factors taking into account inflation 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 S&P Global Sustainable1 Environmental Dataset V3 update which we expect to release in Q4 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 Q4 S&P Global Sustainable 1 Environmental Dataset V3 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 Environmental Dataset V3
Underlying Source Refresh	Refresh of all underlying sources used in the Supply Chain EEIO model	Increased transparency and traceability of inputs, supply chain emission factors based on best latest available research.	Change in modelled quantities of emissions/resource use when companies do not disclose; Change in allocation of company emissions/ resource use reported at company level to business activity-region level
Additional Granularity	New business activity hierarchy covering 1,000+ distinct business activities, at different levels of aggregation, across the entire global	Enhanced coverage of company environmental	Enhanced granularity in company environmental profiles

	<p>economy. Model estimates are generated at all levels of the nine-level hierarchy, with the most granular level distinguishing 750 individual business activities – with flexibility to include others, as required.</p> <p>More detailed coverage and breakdown of model estimates for GHGs, disaggregated across the GHG Protocol's (upstream) Scope 3 categories.</p>	<p>impacts, across direct operations and the supply chain, in the absence of disclosure, based on reported sector revenue breakdown.</p>	
Regionally Adjusted Model	<p>Upgrade to a regionally-adjusted model, across the supply chain, in 30+ regions across Europe, the Middle East, Africa, the Americas, and Asia-Pacific.</p>	<p>Better accounting within the company environmental profile of regional differences in the electricity grid mix, expected supplier locations, and the likely localized societal impact of environmental externalities.</p>	<p>Enhanced regionally adjusted company environmental profiles</p>

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