

# **Corporate Climate Action Transparency Index CATI 5.0 Evaluation Guidelines**

**Institute of Public and Environmental Affairs (IPE)  
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## I. Overview of the CATI 5.0

During the "14th Five-Year Plan" period, China's ecological civilization entered a critical stage focused on carbon reduction as a key strategic direction, aiming to synergize pollution reduction and carbon reduction, facilitate a comprehensive green transformation of economic and social development, and achieve a qualitative improvement in environmental quality. At the same time, an increasing number of multinational companies have made greenhouse gas (GHG) reduction commitments in the post-Paris Agreement era, striving for net-zero emissions across their value chains.



In this context, with technical support from the Chinese Research Academy of Environmental Sciences, IPE upgraded the Supply Chain Climate Action Index (SCTI) developed in 2018 to the Corporate Climate Action Index (CATI). CATI dynamically evaluates corporate climate action performance across five dimensions: Governance, Measurement & Disclosure, Carbon Targets Setting, Performance against Carbon Targets, and Emissions Reduction.

### Key Performance Indicators:

- Whether companies have established greenhouse gas inventories, **identified emission hotspots across Scope 1, 2 and 3, set emission reduction targets**, and developed targeted action plans.
- Whether companies track progress and implement emissions reduction actions both **within their own operations and across the value chain**.
- Whether industrial companies have broken down their emission reduction targets to emission hotspots within their operational boundaries.
- Whether companies that outsource production to supply chains prioritize the **efforts to reduce emissions from their supply chains**, targeting “hotspots” that are often located with **material suppliers** several steps up the supply chain from the final assembly plant; work with these suppliers to **implement emission reduction initiatives**, and track and publicly disclose the progress toward the GHG reduction targets.

## Sources and Limitations of the Data

The data used for the CATI evaluation comes from the publicly disclosed information of the companies, including but not limited to: the companies' official websites, annual reports, CSR reports, ESG reports, sustainability reports and other periodic reports; information released through public channels such as official websites; data released by credible sources and collected by the Blue Map database; publicly disclosed responses to the CDP questionnaire; and environmental information and emissions data independently disclosed by the companies and their suppliers.

IPE will use its best efforts to ensure the reliability, accuracy and completeness of the evaluation data and is willing to communicate with the companies to supplement, correct and revise the relevant information and evaluation results in a timely manner.

IPE does not accept responsibility for any direct or indirect consequences arising from the evaluation results.

## II. Corporate Climate Action Transparency Index (CATI) 5.0

Dimension	Sub-dimension	Evaluation Indicator	Score
1. Governance (10%)	1.1 Policy Construction (5)	1.1.1 Company has committed to climate action and made climate declaration(s)	2
		1.1.2 Company has developed a corporate carbon neutrality plan and management system	1
		1.1.3 Company has incorporated policies regarding supplier energy conservation, emissions reduction, and carbon accounting and reporting into written documents such as the supplier code of conduct	2
	1.2 Mechanism Construction (5)	1.2.1 Company has integrated climate-related issues into its business strategy and has specific climate-related risk management procedures in place	2
		1.2.2 Company has integrated climate-related issues into board-level monitoring, management and oversight responsibility	1
		1.2.3 Company provides capacity building and financial incentives, and/or initiates innovative projects for suppliers to reduce emissions	2
2. Measurement & Disclosure (21%)	2.1 Scope 1 & 2 Emissions (10)	2.1.1 Company has publicly disclosed Scope 1 & 2 emissions data	5
		2.1.2 Company has publicly disclosed total energy use and energy use by source of energy	3
		2.1.3 Company has publicly disclosed carbon intensity or energy intensity	2
	2.2 Scope 3 Emissions (5)	2.2.1 Company has publicly disclosed Scope 3 emissions	4
		2.2.2 Company collects supplier carbon emissions data on a regular basis	1
	2.3 Product Carbon Footprint (6)	2.3.1 Company has publicly disclosed product carbon footprint	6
3. Carbon Targets Setting (14%)	3.1 Scope 1 & 2 Targets (7)	3.1.1 Company has set and publicly disclosed its ongoing Scope 1 & 2 emissions reduction targets or energy consumption targets	3
		3.1.2 Company has set and publicly disclosed its Scope 1 & 2 carbon neutrality target	2
		3.1.3 Company has set and publicly disclosed its renewable energy target	1
		3.1.4 Scope 1 & 2 climate targets are certified or approved by a third party, such as the Science Based Targets initiative (SBTi) or other initiatives	1
	3.2 Scope 3 Targets (7)	3.2.1 Company has set and publicly disclosed its ongoing Scope 3 emissions reduction targets	3
		3.2.2 Company has set and publicly disclosed its Scope 3 carbon neutrality target	2
		3.2.3 Company has set specific targets to motivate suppliers to set their own climate targets	1

Dimension	Sub-dimension	Evaluation Indicator	Score
		3.2.4 Scope 3 climate targets are certified or approved by a third party, such as Science Based Targets initiative (SBTi) or other initiatives	1
4. Performance Towards Carbon Targets (12%)	4.1 Progress on Scope 1 & 2 Climate Targets (6)	4.1.1 Company has publicly disclosed progress made towards its Scope 1 & 2 emissions reduction targets or energy consumption targets	3
		4.1.2 Company has publicly disclosed progress towards its Scope 1 & 2 carbon neutrality target	1
		4.1.3 Company has publicly disclosed progress towards its renewable energy target	2
	4.2 Progress on Scope 3 Climate Targets (6)	4.2.1 Company has publicly disclosed progress towards its Scope 3 emissions reduction targets	3
		4.2.2 Company has publicly disclosed progress towards its Scope 3 carbon neutrality target	1
		4.2.3 Company tracks its suppliers' climate target setting progress	2
5. Climate Action (43%)	5.1 Decarbonization in Company Operations (13)	5.1.1 Company has implemented non-fossil energy use projects and/or green electricity procurement and disclosed associated emission reductions	4
		5.1.2 Company has implemented energy monitoring and management programs	1
		5.1.3 Company has implemented energy efficiency improvement projects and disclosed associated emission reductions	3
		5.1.4 Company has incorporated emission reduction approaches into the product design process	1
		5.1.5 Company has implemented other types of emission reduction projects and disclosed associated emission reductions	2
		5.1.6 Company has reduced emissions through carbon offsets, and disclosed associated emission reductions	2
	5.2 Affiliated Company Engagement (6)	5.2.1 Affiliates have measured and publicly disclosed their carbon emissions at the facility level	3
		5.2.2 Affiliates have set carbon targets, tracked and publicly disclosed reduction progress at the facility level	3
	5.3 Decarbonization in the Value Chain (7)	5.3.1 Company has promoted suppliers to conduct corporate greenhouse gas and energy management	1
		5.3.2 Company has promoted suppliers to replace primary production raw materials with recycled materials or lower carbon substitutes, and disclosed associated emission reductions	1
		5.3.3 Company has launched energy saving initiatives and/or low carbon technology innovation initiatives with material suppliers, and disclosed associated emission reductions	1
		5.3.4 Company has launched emission reduction initiatives with logistics suppliers, and disclosed associated emission reductions	1
		5.3.5 Company has published best practice on supply chain carbon management annually	2

Dimension	Sub-dimension	Evaluation Indicator	Score
		5.3.6 Company has established (or coordinated with downstream customers to establish) end-of-life recycling mechanisms for used products	0.5
		5.3.7 Company has conducted emission reduction projects targeting other emission sources along the value chain and disclosed associated emission reductions	0.5
	5.4 Upstream Supplier Engagement (17)	5.4.1 Direct suppliers have measured and publicly disclosed their carbon emissions at the facility level	2
		5.4.2 Direct suppliers have set carbon targets, tracked and publicly disclosed reduction progress at the facility level	3
		5.4.3 Indirect suppliers have measured and publicly disclosed their carbon emissions at the facility level	4
		5.4.4 Indirect suppliers have set carbon targets, tracked and publicly disclosed reduction progress at the facility level	3
		5.4.5 Company employs the Blue EcoChain or other automated methods to empower upstream suppliers to manage supply chain carbon emissions <b>OR</b> Promote large suppliers to publicly disclose product carbon footprint data*	5

\*: Points are awarded when one of the equivalent criteria is met.

### III. Scoring Calculation and Industry Weighting Factors

#### 1. Scoring Calculation

The CATI index consists of 5 dimensions, 13 sub-dimensions, and 46 evaluation indicators.

**Calculation formula:**

$$\begin{aligned}
 \text{CATI Score} = & \sum \text{Scores for the dimension of Governance} + \\
 & \sum \text{Scores for the indicator of Carbon Footprint} + \\
 & \sum (\text{Scores for indicators relevant to Scope 1\&2}) * \text{Weighting factor of Scope 1\&2} + \\
 & \sum (\text{Scores for indicators relevant to Scope 3}) * \text{Weighting factor of Scope 3}
 \end{aligned}$$

Since carbon hotspots vary across industries and value chains, weighting factors are applied to four of the five CATI activity areas: Measurement & Disclosure (15%; excluding Indicator 2.3.1 on Product Carbon Footprint), Carbon Targets Setting (14%), Performance against Carbon Targets (12%) and Climate Action (43%).

The default weighting factors are based on research of various expert reports, academic literature and emissions data publicly disclosed by leading companies from different industries.

#### 2. CATI Industry Weighting Factors

Industries	Default Weighting Factors
Textile	Scope 1 & 2 vs. Upstream Scope 3 = 20%:80%
Leather & PU	Scope 1 & 2 vs. Upstream Scope 3 = 20%:80%
IT/ICT	Scope 1 & 2 vs. Upstream Scope 3 = 20%:80%
Automobile	Scope 1 & 2 vs. Upstream Scope 3 = 30%:70%
Auto Parts	Scope 1 & 2 vs. Upstream Scope 3 = 30%:70%
Food and Beverage	Scope 1 & 2 vs. Upstream Scope 3 = 20%:80%
Household Appliances	Scope 1 & 2 vs. Upstream Scope 3 = 30%:70%
Retailers	Scope 1 & 2 vs. Upstream Scope 3 = 20%:80%
Real Estate	Scope 1 & 2 vs. Upstream Scope 3 = 20%:80%
Household and Personal Care	Scope 1 & 2 vs. Upstream Scope 3 = 30%:70%
Toy	Scope 1 & 2 vs. Upstream Scope 3 = 20%:80%
Internet Platform	Scope 1 & 2 vs. Upstream Scope 3 = 20%:80%
Internet Software/Services	Scope 1 & 2 vs. Upstream Scope 3 = 20%:80%
Dairy	Scope 1 & 2 vs. Upstream Scope 3 = 50%:50%
Brewing	Scope 1 & 2 vs. Upstream Scope 3 = 50%:50%
Liquor	Scope 1 & 2 vs. Upstream Scope 3 = 50%:50%

<b>Industries</b>	<b>Default Weighting Factors</b>
<b>Catering</b>	Scope 1 & 2 vs. Upstream Scope 3 = 30%:70%
<b>Paper</b>	Scope 1 & 2 vs. Upstream Scope 3 = 40%:60%
<b>Industrial Chemicals</b>	Scope 1 & 2 vs. Upstream Scope 3 = 30%:70%
<b>Pharmaceuticals</b>	Scope 1 & 2 vs. Upstream Scope 3 = 20%:80%
<b>Interior Decoration</b>	Scope 1 & 2 vs. Upstream Scope 3 = 20%:80%
<b>Bicycle/Moped</b>	Scope 1 & 2 vs. Upstream Scope 3 = 20%:80%
<b>Steel</b>	Scope 1 & 2 vs. Upstream Scope 3 = 80%:20%
<b>Non-Ferrous Metal</b>	Scope 1 & 2 vs. Upstream Scope 3 = 70%:30%
<b>PV Equipment</b>	Scope 1 & 2 vs. Upstream Scope 3 = 40%:60%
<b>Machinery</b>	Scope 1 & 2 vs. Upstream Scope 3 = 30%:70%
<b>Renewable Energy Generation</b>	Scope 1 & 2 vs. Upstream Scope 3 = 50%:50%
<b>Power</b>	Scope 1 & 2 vs. Upstream Scope 3 = 90%:10%
<b>Batteries and Battery Materials</b>	Scope 1 & 2 vs. Upstream Scope 3 = 50%:50%
<b>Building Materials</b>	Scope 1 & 2 vs. Upstream Scope 3 = 60%:40%
<b>Environment and Waste Management</b>	Scope 1 & 2 vs. Upstream Scope 3 = 50%:50%
<b>Petro</b>	Scope 1 & 2 vs. Upstream Scope 3 = 80%:20%
<b>Gas</b>	Scope 1 & 2 vs. Upstream Scope 3 = 70%:30%
<b>Logistics</b>	Scope 1 & 2 vs. Upstream Scope 3 = 60%:40%
<b>Transportation</b>	Scope 1 & 2 vs. Upstream Scope 3 = 60%:40%
<b>Civil Aviation</b>	Scope 1 & 2 vs. Upstream Scope 3 = 60%:40%

## IV. Explanation of the CATI 5.0 Evaluation Indicators

### 1. Governance



Governance aligns with the United Nations Sustainable Development Goal 7 (Affordable and Clean Energy), Goal 8 (Decent Work and Economic Growth), Goal 11 (Sustainable Cities and Communities), Goal 12 (Responsible Consumption and Production), Goal 13 (Climate Action), and Goal 17 (Partnerships for the Goals).

This dimension consists of two parts: Policy Construction and Mechanism Construction. It mainly evaluates whether the company has incorporated climate change into its sustainability agenda, developed relevant climate policies, established a low-carbon transition roadmap for its entire value chain, identified climate-related risks and opportunities, and assessed the short-, medium-, and long-term impacts of climate change on its business development. The company's score is correlated with the adequacy of its information disclosure.

Evaluation Indicator	Scoring Criteria Explanation	Reference Standards or Regulations
1.1.1 Company has committed to climate action and made climate declaration(s)	<ul style="list-style-type: none"> <li>The company has incorporated climate change into its sustainability agenda and committed to low-carbon transition.</li> </ul>	<ul style="list-style-type: none"> <li>SDG 7, 8, 11, 12, 13, 17</li> <li>IFRS S1, S2</li> <li>TCFD</li> <li>CSRD</li> <li>CDP questionnaire</li> <li>Listed Company Self-discipline Supervision Guidelines - Sustainable Development Report (Trial) (Shanghai, Shenzhen and Beijing Stock Exchange)</li> <li>The Environmental, Social and Governance Reporting Guide (Hong Kong Exchanges and Clearing Limited)</li> <li>Enterprise Sustainability Disclosure Standards—Basic Standards (Trial) (Finance and Accounting [2024] No. 17)</li> </ul>
1.1.2 Company has developed a corporate carbon neutrality plan and management system	<ul style="list-style-type: none"> <li>The company has established internal carbon management system and formulated the strategies and implementation plan for low-carbon transition.</li> </ul>	
1.1.3 Company has incorporated policies regarding supplier energy conservation, emissions reduction, and carbon accounting and reporting into written documents such as the supplier code of conduct	<ul style="list-style-type: none"> <li>The company has required suppliers to measure carbon emissions, set emission reduction targets, and track emission reduction progress on a regular basis.</li> <li>The company has required suppliers to carry out carbon management and data reporting at the factory level.</li> </ul>	
1.2.1 Company has integrated climate-related issues into its business strategy and has specific climate-related risk management procedures in place	<ul style="list-style-type: none"> <li>The company has disclosed the climate risk management procedures.</li> <li>The company has disclosed the analysis of climate change risks and opportunities, and has identified, assessed, prioritised and monitored climate-related risks and opportunities.</li> <li>The company has disclosed the consideration of</li> </ul>	

Evaluation Indicator	Scoring Criteria Explanation	Reference Standards or Regulations
	climate-related risks in the supply chain/value chain.	
1.2.2 Company has integrated climate-related issues into board-level monitoring, management and oversight responsibility	<ul style="list-style-type: none"> <li>The company has disclosed the clarification of board and senior management, roles and responsibilities in managing climate-related issues/a description of whether and how climate-related considerations are factored into executive remuneration and the percentage of executive management remuneration recognised linked to such considerations.</li> </ul>	
1.2.3 Company provides capacity building and financial incentives, and/or initiates innovative projects for suppliers to reduce emissions	<ul style="list-style-type: none"> <li>The company has disclosed the ways to encourage suppliers to participate in emission reduction initiatives, including but not limited to training, campaigns, cooperation programmes, order incentives, etc.</li> </ul>	

## 2. Measurement & Disclosure



Measurement & Disclosure aligns with the United Nations Sustainable Development Goal 7 (Affordable and Clean Energy), Goal 12 (Responsible Consumption and Production), Goal 13 (Climate Action), and Goal 17 (Partnerships for the Goals).

This dimension consists of three parts: Scope 1 & 2 Emissions, Scope 3 Emissions, and Product Carbon Footprint. It aims to guide companies in accounting for and disclosing their greenhouse gas (GHG) emissions for Scope 1, 2, and 3, as well as the carbon footprint of major products, and energy consumption data. The goal is to help companies obtain a comprehensive understanding of emissions across the entire value chain, identify emission hotspots, and gradually improve the accuracy of Scope 3 emissions accounting through the collection of supplier-specific, measured data. The company's score is correlated with the adequacy of its information disclosure.

Evaluation Indicator	Scoring Criteria Explanation	Reference Standards or Regulations
2.1.1 Company has publicly disclosed Scope 1 & 2 emissions data	<ul style="list-style-type: none"> <li>• Scope 1 &amp; 2 GHG emissions data</li> <li>• Carbon emission by emission sources (e.g., the emissions from purchased electricity)</li> <li>• Carbon accounting methodology</li> <li>• GHG emissions data is verified by a third party</li> <li>• Emissions breakdown by GHG type (e.g., CO<sub>2</sub>, CH<sub>4</sub>, NO<sub>2</sub>, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• SDG 7, 8, 12, 13, 17</li> <li>• GRI 302: Energy</li> <li>• GRI 305: Emissions</li> <li>• IFRS S1, S2</li> <li>• TCFD</li> <li>• CSRD</li> </ul>
2.1.2 Company has publicly disclosed total energy use and energy use by source of energy	<ul style="list-style-type: none"> <li>• Total energy consumption</li> <li>• Renewable energy consumption</li> <li>• Energy use by source of energy</li> </ul>	<ul style="list-style-type: none"> <li>• CDP questionnaire</li> <li>• Listed Company Self-discipline Supervision Guidelines - Sustainable Development Report (Trial) (Shanghai, Shenzhen and Beijing Stock Exchange)</li> </ul>
2.1.3 Company has publicly disclosed carbon intensity or energy intensity	<ul style="list-style-type: none"> <li>• Carbon intensity</li> <li>• Energy intensity</li> </ul>	<ul style="list-style-type: none"> <li>• The Environmental, Social and Governance Reporting Guide (Hong Kong Exchanges and Clearing Limited)</li> </ul>
2.2.1 Company has publicly disclosed Scope 3 emissions	<ul style="list-style-type: none"> <li>• Scope 3 GHG emissions data</li> <li>• Emission data by category (as applicable, from among the 15 Scope 3 categories defined by the GHG Protocol)</li> <li>• Carbon accounting methodology</li> <li>• GHG emissions data is verified by a third party</li> </ul>	<ul style="list-style-type: none"> <li>• Enterprise Sustainability Disclosure Standards—Basic Standards (Trial) (Finance and Accounting [2024] No. 17)</li> <li>• GHG Protocol</li> </ul>
2.2.2 Company collects supplier carbon emissions data on a regular basis	<ul style="list-style-type: none"> <li>• The company has collected actual emissions data from suppliers.</li> <li>• Emissions data collected covers emission hotspots in the supply chain (T2/indirect suppliers).</li> </ul>	<ul style="list-style-type: none"> <li>• ISO 14067:2018 Carbon footprint of products</li> <li>• ISO 14025:2006 Environmental labels and declarations - Type III environmental declarations</li> </ul>

Evaluation Indicator	Scoring Criteria Explanation	Reference Standards or Regulations
2.3.1 Company has publicly disclosed product carbon footprint	<ul style="list-style-type: none"> <li>• Product carbon footprint (PCF) data</li> <li>• GHG emissions from life cycle stages by number or percentage</li> <li>• Accounting/system boundaries</li> <li>• Carbon footprint accounting methodology</li> <li>• Date of PCF data published or raw data collected</li> <li>• Number of PCF published</li> <li>• PCF data certified by third party</li> </ul>	

### 3. Carbon Targets Setting



Carbon Targets Setting aligns with the United Nations Sustainable Development Goal 7 (Affordable and Clean Energy), Goal 13 (Climate Action), and Goal 17 (Partnerships for the Goals).

This dimension consists of two parts: Scope 1 & 2 Targets and Scope 3 Targets. It aims to guide companies in setting and disclosing quantifiable and traceable climate targets, while extending the scope of these targets across the entire value chain. Particular emphasis is placed on whether companies' Scope 3 emission reduction targets cover emissions from the supply chain (Category 1 - purchased goods and services, Category 4 & 9 - upstream and downstream transportation and distribution), and whether companies encourage suppliers to independently set and disclose their own GHG emission reduction targets. The company's score is based on the types of targets disclosed and completeness of the disclosed target elements.

Evaluation Indicator	Scoring Criteria Explanation	Reference Standards or Regulations
3.1.1 Company has set and publicly disclosed its ongoing Scope 1 & 2 emissions reduction targets or energy consumption targets	<ul style="list-style-type: none"> <li>Target type: absolute target or intensity target</li> <li>Base year</li> <li>Base year emissions</li> </ul>	<ul style="list-style-type: none"> <li>SDG 7, 13, 17</li> <li>GRI 302: Energy</li> <li>GRI 305: Emissions</li> <li>IFRS S1, S2</li> <li>TCFD</li> <li>CSRD</li> </ul>
3.1.2 Company has set and publicly disclosed its Scope 1 & 2 carbon neutrality target	<ul style="list-style-type: none"> <li>The year the company aims to achieve carbon neutrality/net zero or carbon peak</li> </ul>	<ul style="list-style-type: none"> <li>CDP questionnaire</li> <li>SBTi</li> <li>Listed Company Self-discipline Supervision Guidelines - Sustainable Development Report (Trial) (Shanghai, Shenzhen and Beijing Stock Exchange)</li> </ul>
3.1.3 Company has set and publicly disclosed its renewable energy target	<ul style="list-style-type: none"> <li>The year the company aims to achieve 100% renewable energy use, or the planned increase in the percentage of renewable energy use or installed capacity</li> </ul>	<ul style="list-style-type: none"> <li>The Environmental, Social and Governance Reporting Guide (Hong Kong Exchanges and Clearing Limited)</li> </ul>
3.1.4 Scope 1 & 2 climate targets are certified or approved by a third party, such as the Science Based Targets initiative (SBTi) or other initiatives	<ul style="list-style-type: none"> <li>The name of the initiative</li> <li>The content of the initiative includes carbon reduction or neutrality targets</li> <li>The content of the initiative or the criteria for joining the initiative must be publicly accessible</li> </ul>	<ul style="list-style-type: none"> <li>Enterprise Sustainability Disclosure Standards—Basic Standards (Trial) (Finance and Accounting [2024] No. 17)</li> </ul>
3.2.1 Company has set and publicly disclosed its ongoing Scope 3 emissions reduction targets	<ul style="list-style-type: none"> <li>Target type: absolute target or intensity target</li> <li>Target scope: specify which of the 15 Scope 3 categories are covered by the target</li> <li>Base year</li> <li>Base year emissions</li> </ul>	<ul style="list-style-type: none"> <li>GHG Protocol</li> <li>PAS 2060 Specification for the demonstration of carbon neutrality</li> <li>ISO 14068-1:2023 Climate change management—Transition to</li> </ul>

Evaluation Indicator	Scoring Criteria Explanation	Reference Standards or Regulations
3.2.2 Company has set and publicly disclosed its Scope 3 carbon neutrality target	<ul style="list-style-type: none"> <li>The year for the company to achieve carbon neutrality/net zero</li> </ul>	net zero—Part 1: Carbon neutrality
3.2.3 Company has set specific targets to motivate suppliers to set their own climate targets	<ul style="list-style-type: none"> <li>Encourage suppliers to set targets related to emission reduction, carbon neutrality, and energy conservation. The targets should clearly specify relevant elements such as the scope of the suppliers covered and the completion timeframe for the targets.</li> </ul>	
3.2.4 Scope 3 climate targets are certified or approved by a third party, such as Science Based Targets initiative (SBTi) or other initiatives	<ul style="list-style-type: none"> <li>The name of the initiative</li> <li>The content of the initiative includes Scope 3 carbon reduction or neutrality targets</li> <li>The content of the initiative or the criteria for joining the initiative must be publicly accessible</li> </ul>	

## 4. Performance against Carbon Targets



Performance against Carbon Targets aligns with the United Nations Sustainable Development Goal 7 (Affordable and Clean Energy), Goal 13 (Climate Action), and Goal 17 (Partnerships for the Goals).

This dimension consists of two parts: Progress on Scope 1 & 2 Climate Targets and Progress on Scope 3 Climate Targets. It aims to guide companies in continuously tracking their performance on carbon reduction, carbon neutrality/net-zero emissions, energy consumption, and supply chain target achievement across the entire value chain. Companies are also encouraged to adjust emission reduction measures in a timely manner based on actual progress, ensuring that performance aligns with the company’s decarbonization pathway.

To be eligible for scoring under this dimension, companies must have already set corresponding climate targets or have achieved carbon neutrality or 100% renewable energy use.

Evaluation Indicator	Scoring Criteria Explanation	Reference Standards or Regulations
4.1.1 Company has publicly disclosed progress made towards its Scope 1 & 2 emissions reduction targets or energy consumption targets	<ul style="list-style-type: none"> <li>Percentage of target completion</li> <li>Percentage of emission reduction or energy saving against base year</li> <li>Emissions from base year and reporting year</li> </ul>	<ul style="list-style-type: none"> <li>SDG 7, 13, 17</li> <li>GRI 302: Energy</li> <li>GRI 305: Emissions</li> <li>IFRS S1, S2</li> <li>TCFD</li> <li>CSRD</li> <li>CDP questionnaire</li> <li>SBTi</li> </ul>
4.1.2 Company has publicly disclosed progress towards its Scope 1 & 2 carbon neutrality target	<ul style="list-style-type: none"> <li>Achieved carbon neutrality</li> <li>Made GHG emission projections based on historical data, and provided graphs showing projected emission reductions and offsets in the target year</li> <li>Disclosed the amount of emission reductions expected in the target year (e.g., the company's emission reduction target and carbon neutrality target share the same target year)</li> <li>Declared a commitment to achieving carbon neutrality without offsetting</li> <li>Disclosed the volume of emissions to be offset in the target year</li> </ul>	<ul style="list-style-type: none"> <li>Listed Company Self-discipline Supervision Guidelines - Sustainable Development Report (Trial) (Shanghai, Shenzhen and Beijing Stock Exchange)</li> <li>The Environmental, Social and Governance Reporting Guide (Hong Kong Exchanges and Clearing Limited)</li> <li>Enterprise Sustainability Disclosure Standards—Basic Standards (Trial) (Finance and Accounting [2024] No. 17)</li> </ul>
4.1.3 Company has publicly disclosed progress towards its renewable energy target	<ul style="list-style-type: none"> <li>100% renewable energy use is achieved</li> <li>Current percentage of renewable energy/installed capacity</li> </ul>	<ul style="list-style-type: none"> <li>PAS 2060 Specification for the demonstration of carbon neutrality</li> <li>ISO 14068-1:2023 Climate change management—Transition to</li> </ul>

Evaluation Indicator	Scoring Criteria Explanation	Reference Standards or Regulations
4.2.1 Company has publicly disclosed progress towards its Scope 3 emissions reduction targets	<ul style="list-style-type: none"> <li>• Percentage of target completion</li> <li>• Percentage of emission reduction against base year</li> <li>• Emissions from base year and reporting year</li> </ul>	net zero—Part 1: Carbon neutrality
4.2.2 Company has publicly disclosed progress towards its Scope 3 carbon neutrality target	<ul style="list-style-type: none"> <li>• Achieved carbon neutrality</li> <li>• Made GHG emission projections based on historical data, and provided graphs showing projected emission reductions and offsets in the target year</li> <li>• Disclosed the amount of emission reductions expected in the target year (e.g., the company's emission reduction target and carbon neutrality target share the same target year)</li> <li>• Declared a commitment to achieving carbon neutrality without offsetting</li> <li>• Disclosed the volume of emissions to be offset in the target year</li> </ul>	
4.2.3 Company tracks its suppliers' climate target setting progress	<ul style="list-style-type: none"> <li>• Approaches or tools used to track suppliers' targets setting progress</li> <li>• Number or proportion of suppliers with established climate targets</li> </ul>	

## 5. Emissions Reduction



Emissions Reduction aligns with the United Nations Sustainable Development Goal 7 (Affordable and Clean Energy), Goal 9 (Industry, Innovation, and Infrastructure), Goal 11 (Sustainable Cities and Communities), Goal 12 (Responsible Consumption and Production), Goal 13 (Climate Action), and Goal 17 (Partnerships for the Goals).

This dimension consists of four parts: Decarbonization in Company Operations, Affiliated Company Engagement, Decarbonization in the Value Chain, and Upstream Supplier Engagement. It aims to guide companies in implementing emission reduction projects targeting emission hotspots, disclosing the effectiveness of these projects, encouraging affiliated companies and key suppliers to independently undertake climate actions, and supporting suppliers in extending carbon management further upstream within their own supply chain. The company's score is determined by the types of emission reduction projects implemented, the extend and quality of case disclosures, the scalability of the projects, and the number of suppliers engaged.

Evaluation Indicator	Scoring Criteria Explanation	Reference Standards or Regulations
5.1.1 Company has implemented non-fossil energy use projects and/or green electricity procurement and disclosed associated emission reductions	<ul style="list-style-type: none"> <li>Non-fossil energy refers to hydro, nuclear, wind, solar, tidal, biomass etc.</li> <li>Project description and the number/percentage of emission reduction/renewable energy use</li> <li>Scores are given based on the percentage of renewable energy in the total energy consumption</li> </ul>	<ul style="list-style-type: none"> <li>SDG 7, 9, 11, 12, 13, 17</li> <li>GRI 302: Energy</li> <li>GRI 305: Emissions</li> <li>IFRS S1, S2</li> <li>TCFD</li> <li>CSRD</li> </ul>
5.1.2 Company has implemented energy monitoring and management programs	<ul style="list-style-type: none"> <li>Mentioning how the company manages energy consumption, e.g., building energy management system, installation of energy monitoring equipment, etc.</li> </ul>	<ul style="list-style-type: none"> <li>CDP questionnaire</li> <li>SBTi</li> </ul>
5.1.3 Company has implemented energy efficiency improvement projects and disclosed associated emission reductions	<ul style="list-style-type: none"> <li>e.g., switching to LED lighting, waste heat utilization, technique adjustment</li> <li>Project description and project emission reduction data</li> <li>Scores are given based on the number of relevant case studies disclosed</li> </ul>	<ul style="list-style-type: none"> <li>Listed Company Self-discipline Supervision Guidelines - Sustainable Development Report (Trial) (Shanghai, Shenzhen and Beijing Stock Exchange)</li> </ul>
5.1.4 Company has incorporated emission reduction approaches into the product design process	<ul style="list-style-type: none"> <li>Disclosure of the correlation between product design and carbon emission reduction</li> <li>Potential emission reduction, which may be achieved through material substitution to reduce raw material-related emissions, or by improving product energy efficiency to reduce electricity consumption during customer use, etc.</li> </ul>	<ul style="list-style-type: none"> <li>The Environmental, Social and Governance Reporting Guide (Hong Kong Exchanges and Clearing Limited)</li> <li>Enterprise Sustainability Disclosure</li> </ul>

Evaluation Indicator	Scoring Criteria Explanation	Reference Standards or Regulations
5.1.5 Company has implemented other types of emission reduction projects and disclosed associated emission reductions	<ul style="list-style-type: none"> <li>e.g., reducing industrial production processes emissions and fugitive emissions, and developing negative carbon technologies</li> <li>Project description and project emission reduction data</li> <li>Scores are given based on the number of relevant case studies disclosed</li> </ul>	Standards—Basic Standards (Trial) (Finance and Accounting [2024] No. 17)
5.1.6 Company has reduced emissions through carbon offsets, and disclosed associated emission reductions	<ul style="list-style-type: none"> <li>e.g., the use of energy attribute certificate, certified emission reductions (CRE) etc.</li> <li>Name of the carbon crediting program or certified emission reduction project</li> <li>The amount of carbon credits used to offset the company's emissions</li> </ul>	
5.2.1 Affiliates have measured and publicly disclosed their carbon emissions at the facility level	<ul style="list-style-type: none"> <li>This indicator aims to promote the breakdown and disclosure of GHG emissions and emission hotspots.</li> <li>Companies are expected to publicly disclose emissions data broken down by affiliated entities (e.g., owned factories, retail stores, warehouses, subsidiaries, branches), or by major processes, regions, business segments, and operational sites (e.g., offices, warehouses, R&amp;D centers).</li> <li>For companies WITH product manufacturing activities, scores are given based on the percentage of major factories that have disclosed carbon data.</li> <li>For companies WITHOUT product manufacturing activities, scores are given based on whether carbon emissions data are broken down and disclosed by relevant categories—such as geographic regions, business segments, or operational sites.</li> </ul>	
5.2.2 Affiliates have set carbon targets, tracked and publicly disclosed reduction progress at the facility level	<ul style="list-style-type: none"> <li>This indicator aims to promote the breakdown and disclosure of climate targets/progress towards targets.</li> <li>Companies are expected to publicly disclose climate targets broken down by related entities (e.g., owned factories, retail stores, warehouses, subsidiaries, branches), or by major processes, regions, business segments, and operational sites (e.g., offices, storage facilities, R&amp;D centers).</li> <li>If no sub-targets or breakdowns are available, the evaluation will instead focus on the company's disclosed progress toward overall climate targets.</li> <li>For companies WITH product manufacturing activities, scores are given based on the percentage of major factories that have disclosed carbon targets.</li> <li>For companies WITHOUT product manufacturing activities, scores are given based on the number of sub-targets/breakdown targets disclosed.</li> </ul>	
5.3.1 Company has promoted suppliers to conduct corporate greenhouse gas and energy management	<ul style="list-style-type: none"> <li>e.g., third-party verification of greenhouse gas accounting, product carbon footprint certification, energy management system certification</li> </ul>	

Evaluation Indicator	Scoring Criteria Explanation	Reference Standards or Regulations
5.3.2 Company has promoted suppliers to replace primary production raw materials with recycled materials or lower carbon substitutes, and disclosed associated emission reductions	<ul style="list-style-type: none"> <li>• Project description and disclosed emission reduction data from the project(s)</li> <li>• Scores are given based on the number of relevant case studies disclosed or the scale of the projects</li> </ul>	
5.3.3 Company has launched energy saving initiatives and/or low carbon technology innovation initiatives with material suppliers, and disclosed associated emission reductions	<ul style="list-style-type: none"> <li>• Project description and disclosed emission reduction data from the project(s)</li> <li>• Scores are given based on the number of relevant case studies disclosed or the scale of the projects</li> </ul>	
5.3.4 Company has launched emission reduction initiatives with logistics suppliers, and disclosed associated emission reductions	<ul style="list-style-type: none"> <li>• Project description and disclosed emission reduction data from the project(s)</li> <li>• Scores are given based on the number of relevant case studies disclosed or the scale of the projects</li> </ul>	
5.3.5 Company has published best practice on supply chain carbon management annually	<p>Best practice case studies must include:</p> <ul style="list-style-type: none"> <li>• Identification of emission hotspots within the accounting boundaries</li> <li>• Decarbonization measures: technologies or management practices applied to achieve emissions reductions</li> <li>• Project scope: clear disclosure of the GHG emissions baseline at the factory/production line/equipment level, along with the scope of the project (e.g., by volume or procurement spend)</li> <li>• Emission reduction outcomes: publicly available data demonstrating the emission reduction results, including supplier GHG emissions and observable year-on-year downward trends</li> </ul>	
5.3.6 Company has established (or coordinated with downstream customers to establish) end-of-life recycling mechanisms for used products	<ul style="list-style-type: none"> <li>• Recycling projects must be related to waste products or raw materials</li> <li>• General descriptions of solid waste disposal practices will not be considered for scoring</li> </ul>	
5.3.7 Company has conducted emission reduction projects targeting other emission sources along the value chain and disclosed associated emission reductions	<ul style="list-style-type: none"> <li>• e.g., emission reduction projects targeting other parts of the value chain, such as business travel, employee commuting, and the product use phase</li> </ul>	

Evaluation Indicator	Scoring Criteria Explanation	Reference Standards or Regulations
5.4.1 Direct suppliers have measured and publicly disclosed their carbon emissions at the facility level	<ul style="list-style-type: none"> <li>• Scores are given based on the percentage of direct/indirect suppliers (by number or procurement expenditure) that publicly disclose carbon data/targets at the factory level</li> <li>• The percentage of suppliers promoted is evaluated according to three scoring tiers: less than 50%, 50% to 80%, and above 80%</li> </ul>	
5.4.2 Direct suppliers have set carbon targets, tracked and publicly disclosed reduction progress at the facility level		
5.4.4 Indirect suppliers have set carbon targets, tracked and publicly disclosed reduction progress at the facility level		
5.4.4 Indirect suppliers have set carbon targets, tracked and publicly disclosed reduction progress at the facility level		
5.4.5 Company employs the Blue EcoChain or other automated methods to empower upstream suppliers to manage supply chain carbon emissions <b>OR</b> Promote large suppliers to publicly disclose product carbon footprint data	<ul style="list-style-type: none"> <li>• The company has encouraged major or key suppliers to promote carbon accounting and disclosure among their own upstream suppliers</li> <li>• The company has guided major or key suppliers to publicly disclose product carbon footprint data</li> <li>• Scores are given based on the number of suppliers promoted annually</li> </ul>	

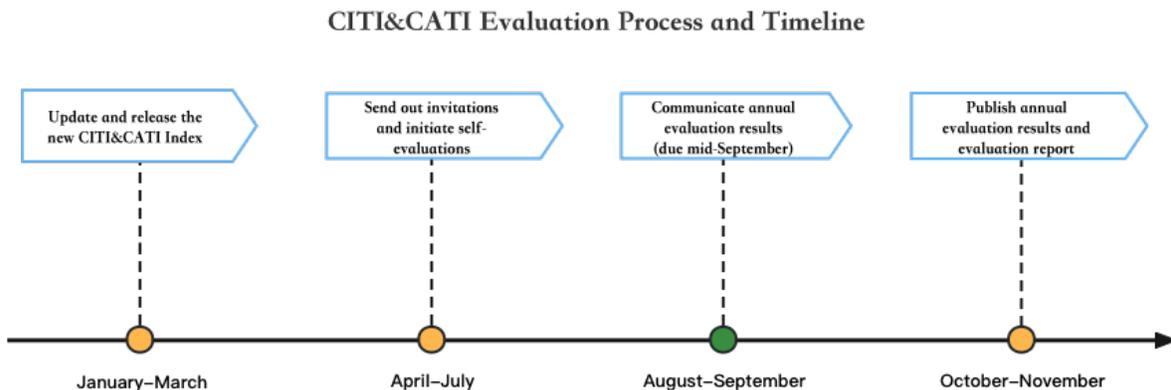
## V. Subject of the Evaluation

The subject of the CATI evaluation covers:

- Key greenhouse gas emitting industries: Companies in the eight sectors included in China’s national carbon trading market—power generation, petrochemicals, chemicals, building materials, iron and steel, non-ferrous metals, paper, and civil aviation. Priority is given to leading companies in these industries.
- Strategic emerging industries: Companies in sectors such as batteries and battery materials, electric vehicles, wind and photovoltaic equipment, and renewable power generation, etc. Priority is given to industry leaders.
- Consumer-facing brands: Companies in industries such as IT/ICT, textiles, leather & PU, food & beverage, etc. that maintain significant supply chain in China. The evaluation focuses on companies whose supply chains have a substantial environmental impact, and on those that have made public commitments to green and low-carbon procurement.

In the second quarter of each year, IPE updates the list of evaluated companies and sends out invitations to new companies to participate in the evaluation.

## VI. Evaluation Process and Timeline



In October-November of each year, the IPE website freezes the scores, which are used to write the

## Appendix Terms and Definitions

### 1. Supply Chain

The chain or network of production and distribution processes through which products are ultimately provided to end-users, and that includes multiple tiers of suppliers.

### 2. Supplier

An entity that provides products and services to a brand, including but not necessarily limited to a brand's subsidiary factories and other affiliates, production subcontractors, raw materials providers, service providers for production processes (e.g. centralized wastewater treatment facilities, solid waste transportation and disposal entities) and logistics providers.

### 3. Direct Supplier

A supplier that has directly signed a procurement contract with a brand.

### 4. Indirect Supplier

A supplier that has not directly signed a procurement contract with a company, but is a part of the supply chain for the company's main products or services.

### 5. Affiliated Company/Affiliates

Based on operational boundary setting methodology, affiliated companies or affiliates refer to companies that are owned or controlled by the company under evaluation, including its own factories, stores and warehouses, as well as its subsidiaries and branches.

### 6. Blue EcoChain

Powered by IPE's Blue Map Database and AI technology, Blue EcoChain<sup>1</sup> provides supply chain oversight for environmental and carbon risks. In terms of supply chain carbon management, it provides companies instantaneous updates via email or mobile app when suppliers disclose their greenhouse gas emission data, reduction targets and progress, and supplier carbon data analysis reports. It also empowers suppliers to measure and publicly disclose their greenhouse gas emission data and conduct carbon management over its own supply chains

### 7. Greenhouse Gas (GHG)

GHGs are the seven gases listed in the Kyoto Protocol: carbon dioxide (CO<sub>2</sub>); methane (CH<sub>4</sub>); nitrous oxide (N<sub>2</sub>O); hydrofluorocarbons (HFCs); perfluorocarbons (PFCs); sulphur hexafluoride (SF<sub>6</sub>); and nitrogen trifluoride (NF<sub>3</sub>).

### 8. Carbon Neutrality

In CATI, carbon neutrality and net zero are used interchangeably. They both refer to the state of carbon dioxide or greenhouse gas neutrality or net zero. This can be achieved when

<sup>1</sup> <http://www.ipe.org.cn/GreenSupplyChain/GreenEcologyChain.html>

anthropogenic emissions of carbon dioxide/greenhouse gases to the atmosphere are balanced by anthropogenic removals over a specified period.

### **9. Scope 1**

Emissions from operations that are owned or controlled by the reporting company.

### **10. Scope 2**

Emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by the reporting company.

### **11. Scope 3**

All indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions. Some examples of scope 3 activities are extraction and production of purchased materials; transportation of purchased fuels; and use of sold products and services.

### **12. Value Chain**

In CATI, “value chain” refers to all of the upstream and downstream activities associated with the operations of the reporting company, including the use of sold products by consumers and the end-of-life treatment of sold products after consumer use. The boundary of the value chain is the same as that of scope 3 emission accounting.

### **13. Carbon Intensity**

Ratios that express GHG impact per unit of physical activity or unit of economic value (e.g. tonnes of CO<sub>2</sub> emissions per unit of electricity generated).

### **14. Product Carbon Footprint**

Sum of GHG emissions and GHG removals in a product system, expressed as carbon dioxide equivalents and based on a life cycle assessment.

### **15. Life Cycle**

Consecutive and interlinked stages related to a product, beginning from raw material acquisition or generation from natural resources to end-of-life treatment.

### **16. Carbon Emission Trading**

Any physical unit or process which releases GHG into the atmosphere.

### **17. Carbon Allowance**

The right to emit a certain quantity of GHG.

### **18. IPE’s Carbon Data Disclosure Platform**

A platform developed by IPE where suppliers can disclose their annual GHG data, energy consumption, climate targets and carbon asset data

**Reference:**

IPCC, Global Warming of 1.5°C, Annex I: Glossary

IPCC WGIII, Climate Change 2022 Mitigation of Climate Change

ISO, ISO 14067: 2018

WBCSD & WRI, The GHG Protocol Corporate: A Corporate Accounting and Reporting Standard

WBCSD & WRI, The GHG Protocol Corporate: Corporate Value Chain (Scope 3) Accounting and Reporting Standard

WBCSD & WRI, The GHG Protocol Corporate: Product Life Cycle Accounting and Reporting Standard

General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China, Standardization Administration, Supply chain risk management guideline

**(Click to return to the Indicators)**

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The Institute of Public & Environmental Affairs (IPE) is a non-profit environmental organization based in Beijing, China. Since its establishment in 2006, IPE has developed and operated the Blue Map Database ([www.ipe.org.cn](http://www.ipe.org.cn)), and launched the Blue Map app in 2014, promoting environmental information disclosure and public participation, empowering enterprise green transition and development as well as improving environmental governance mechanisms.

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