**SCTI 2020 Evaluation Report**

**Carbon Neutrality Required Supply Chain Climate Action in China**

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October 23, 2020 – The Institute of Public and Environmental Affairs (IPE) released the 2020 SCTI Climate Action Evaluation Result at the 2020 Green Supply Chain & Climate Action Forum hosted online. Adidas and Nike tied for the #1 place among the [540 evaluated Chinese and multinational brands](http://wwwen.ipe.org.cn/GreenSupplyChain/SCTI.html). Dell joined Apple to become a SCTI Master, while Huawei remained the first among mainland Chinese brands. Overall, collaborative efforts on supply chain climate action are fueling a green recovery of the global economy.

The world faces serious climate and environmental challenges. Meanwhile, the Covid-19 pandemic has had a serious impact on the world economy. The European Green Deal proposed to make the EU carbon neutral by 2050. Recently, the European Parliament has increased the EU's 2030 emissions reduction target to 60%, while China made a new commitment to achieve carbon peak before 2030 and carbon neutrality by 2060. This not only reflects the sense of responsibility of China and Europe in addressing climate change but also highlights the vision to promote a green economic recovery.

Against this background, IPE co-hosted the 3rd annual Supply Chain Climate Action Forum with the Natural Resources Defense Council (NRDC), Heinrich Böll Foundation, SEE Foundation, SEE Foundation Huabei Branch and Alibaba Foundation. Officials from the Ministry of Ecology and Environment (MEE), the Chairman of the Committee on Climate Change and former UK Secretary of State for the Environment, representatives from leading brands, and climate change experts participated in the online forum. Keynote speeches and discussion centered on global climate change policy trends and supply chain action to fulfill China and EU’s commitments.

At the Forum, IPE released its 3rd Supply Chain Climate Action SCTI Evaluation Report, with an aim to objectively reflect the current status of supply chain climate action by Chinese and foreign enterprises, identify good practices, and promote larger-scale emissions reduction by enterprises and support green economic recovery. This will provide a strong market impetus to the implementation of the Paris Agreement, the earlier peaking of global carbon emissions and ultimately the achievement of the crucial goals of carbon neutrality.

The Report shows that the impacts from COVID-19 does not stop leading brands from committing to greenhouse gas emissions reduction. Among the 540 brands evaluated, 108 collected GHG emissions information at least annually from suppliers (nearly 70% increase from previous year), while 37 brands are actively pushing their suppliers to publish their emissions data, a 54% increase from previous year.

16 brands including Dell, Apple, Adidas, Foxconn have required their suppliers in China to set and publish their emissions reduction targets, among which some are mid- or long-term targets. As of September 2020, brands have pushed 808 suppliers to release their GHG emissions data in 2019 through the Blue Map, involving 60 million tons of emissions. Among them, 299 suppliers released GHG emissions reduction targets.

Dell became the 2020 SCTI Master with its outstanding performance in supply chain climate action. In order to achieve the target of reducing carbon intensity by 60% along its supply chain by 2030, Dell will partner with its suppliers not only on the procurement of renewable energy and improvement of energy efficiency, but also on emissions accounting and reporting. Apple, the inaugural SCTI Master, has already become carbon neutral for its operation and has recently announced its new goal to become carbon neutral for its product and along its supply chain by 2030.

The Report also documents best practices from other leading brands and suppliers. Among them, Huawei planned to drive Top 100 suppliers to set up carbon emission reduction targets by 2025; Carrefour started to push suppliers in China to disclose GHG emissions in 2020; Adidas continue to improve supply chain’s energy efficiency and in parallel to switch to renewable sources; Nike reduce supplier emissions through boiler elimination; Dell’s energy efficiency experts engage small & medium-scale suppliers to set up emissions reduction targets; Starbucks set up carbon target based on value chain emissions. Overall, analyses of emissions data show that suppliers are achieving their reduction targets.

In spite of the progress, the Report shows that most brands have yet to start pushing suppliers in China to disclose their GHG emissions. 93% of the 540 brands, and 99% of the Chinese brands under evaluation, have not yet to push suppliers in China to disclose their GHG emissions. This resulted in limited number of suppliers in China who disclose carbon data. Among the 299 suppliers who set up emissions reduction targets, 70% of the suppliers have set short-term targets for the next 1 to 3 years, but few set mid- and long-term targets; 12% of the suppliers set both absolute targets and intensity targets, but the targets they set are not science based enough.

The Report also highlights that the level of supply chain climate action in China is not yet commensurate with the effort required to meet the Paris Agreement, China's new target, or the commitments disclosed by the brands. For suppliers in China, this is also inadequate to cope with the imminent carbon border adjustment mechanism of the EU.

In order to meet the supply chain management needs of the brands and to serve more SMEs, IPE has worked with professional organizations to develop a convenient online GHG emissions accounting platform based on the GHG accounting methods and reporting guidelines for 24 selected industries released by the national authority. The accounting platform is developed according to the characteristics of GHG emissions from industrial enterprises and meets the current accounting needs of enterprises in all industries in China. The platform not only helps enterprises to fully measure GHG emissions (including emissions from industrial process), but also provides enterprises with automatic uncertainty analysis of emission results and generates emission reports directly for enterprises to download and use easily. The accounting platform has now been recommended by several brands and industry associations to their suppliers or members as a management tool and becomes a methodology and basis for SMEs to measure carbon emissions.

As China’s first public greenhouse gas emissions database, the Blue Carbon Map Database is covering regional and enterprise-level emissions data. The continuously accumulated data will become an important basis for brand companies to manage greenhouse gas emissions in their supply chains by identifying key regions and sources of emissions. The city carbon data has been updated to 2019 and will incorporate the target and progress of carbon peak data in the future. The corporate carbon data on the map covers over 5,000 pieces of data on annual carbon emissions from 2,100 companies in 31 provinces, disclosing over 2.6 billion tons of emissions. In addition to the corporate carbon data disclosed at the request of Sichuan, Jiangxi and Shaanxi, more disclosure has been driven by the IPE Green Supply Chain PRTR project.

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Supply Chain Climate Transparency Index was co-developed by The Institute of Public & Environmental Affairs and CDP in 2018. The SCTI Evalution evaluates brand actions toward greenhouse gas emissions reductions in four major areas: emissions information, targets and performance, climate actions, and strategy and governance. The indicator system is based on existing initiatives and disclosure frameworks. It is an extension of the broader green supply chain Corporate Information Transparency Index (CITI) evaluation that is targeted to evaluate the management of greenhouse gas emissions in brand supply chains.

The Institute of Public & Environmental Affairs (IPE) is a non-profit environmental research organization registered and based in Beijing, China. Since its establishment in June 2006, IPE has collected government and corporate environmental information into a comprehensive database. IPE's two platforms – the Blue Map website and the Blue Map app – provide public environmental data to serve green procurement, green finance and environmental policymaking, using cooperation between companies, government, NGOs, research organizations and other stakeholders to promote environmental information disclosure and improve environmental governance mechanisms.