

Listed Company Climate Action Index 2022

Executive Summary

The summer of 2022 saw hot heat waves in many parts of the world. China, India, Russia, the United States, the United Kingdom, and Spain are all experiencing extreme temperatures above 40 degrees Celsius, accompanied by droughts and mountain fires. What triggers more frequent extreme weather events is climate change.

Statistics from the International Energy Agency (IEA) shows that, as economy begins to recover in the post-epidemic era worldwide, global greenhouse gas (GHG) emissions reach 40.8 billion tons of carbon dioxide equivalent (CO₂e) in 2021. Given the effects of the COVID-19 pandemic on economies worldwide, and increasing energy shortages and geopolitical tensions, major economies are having to use fossil energy capacity to ensure energy security, food security, and supply chain security. Therefore, despite record high renewable energy generation, energy-related CO₂ emissions also reached record levels in 2021.

In response to climate change, a growing number of companies and financial institutions have publicly committed to reducing greenhouse gas emissions and making climate investments to contribute to reaching the goals of the Paris Agreement and the Glasgow Climate Pact. However, many of the companies that have made commitments have not yet adopted practical measures. Many companies with considerable GHG emissions have not initiated or implemented climate actions, which includes developing decarbonization roadmaps covering GHG emission hotspots, disclosing climate-related information, and accelerating green and low-carbon transformation along the value chains.

In the process of “Race to Net Zero”, China has announced the "30.60" dual carbon goals, and started to build the "1+N" policy system to facilitate achieving carbon peaking and carbon neutrality in an orderly manner. Among the "1+N" policy system, Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy clearly put forward the requirements of accelerating the development of green energy, significantly improving the energy utilization efficiency of key industries, and improving the carbon reporting and disclosure system of enterprises and financial institutions. Also, the recently issued Action Plan for Carbon Dioxide Peaking before 2030, Measures for the Administration of Legal Disclosure of Enterprise Environmental Information, Guidelines for Investor Relations Management of Listed Companies, Work Plan for Improving the Quality of Listed Companies Held by Central Enterprises and many other policy documents all propose that listed companies should regularly disclose information on corporate carbon emissions and improve environmental, social and governance (ESG) information disclosure.

In addition to complying with domestic energy efficiency constraints and climate-related information disclosure requirements, Chinese exporters in some industries also need to face new regulations such as the EU's Carbon Border Adjustment Mechanism (CBAM) and the US Clean Competition Act (CCA). It is necessary for Chinese enterprises to improve their GHG emission accounting and management capabilities, actively set emission reduction targets, explore efficient emission reduction paths, and accelerate their green and low-carbon transformation in order to adapt to the changing international market.

Chinese companies, especially listed companies, need to adapt to domestic policy and international market, implement GHG emission reduction

commitments for themselves and their supply chains, and achieve synergistic reduction in pollution and carbon emissions. In this context, IPE, under the guidance of the China Forum of Environmental Journalists and with the technical support from the Chinese Research Academy of Environmental Sciences, has launched the CATI Index for Climate Action specifically for A- and H-share listed companies. 2022's CATI evaluation was also supported by the Lvse Jiangnan Public Environment Concerned Centre, the Jiangxi Environment Communication Center, the Wuhu Ecology Center and Prof. Wang Qiang's team at the Research Institute of Resource Recycling of Central South University, Changsha, Hunan, China.

The 2022 CATI Index evaluation covers 500 Chinese listed companies from eight industries that are listed in China's Emission Trading System including power generation, petrochemicals, chemicals, building materials, iron and steel, non-ferrous metals, paper and civil aviation, as well as consumer-facing industries such as IT/ICT, textiles, automotive, real estate, e-commerce retail and food and beverage. The information used for evaluation was obtained from publicly disclosed corporate annual reports, ESG reports, sustainability reports and other regular reports; information released through public channels such as official corporate websites and official information platforms of listed companies; and data released by credible sources collected by the Blue Map website. Based on publicly disclosed information, IPE and partner organizations conducted quantitative evaluation of listed companies' climate actions in five dimensions: Policy & Governance, Measurement & Disclosure, Carbon Targets Setting, Performance towards Targets, and Climate Action.

IPE also developed the Global Business Accountability Map to present public climate commitments made by enterprises, as well as their greenhouse gas emissions data, progress towards achieving specific targets and actions to reduce emissions from affiliates and supply chains. As of the end of

September 2022, the Global Business Accountability Map has collected environmental information of 1000 enterprises, among which, the total GHG emissions of those who has publicly disclosed recent Scope 1 and Scope 2 (market-based) emission data have exceeded 2,964 million tons of CO₂e, accounting for 7.26% of total global GHG emissions in 2021¹ and their publicly disclosed commitments have exceeded 254 million tons of CO₂e.

As an independent data-based evaluation system and visualization platform, we hope that the CATI Index and the Global Business Accountability Map can objectively reflect listed companies' progress on climate action and their dual carbon status, thus help multiple parties to form a consensus on listed companies' decarbonization roadmap. On this basis, we also hope to motivate the listed companies involved in the evaluation to improve their climate governance and GHG management mechanism, enhance their credibility and transparency of their green transition process, and build trust with their stakeholders through disclosure of emissions and performance.

Meanwhile, we hope that the CATI evaluation results of Chinese listed companies can provide a reference for regulators, exchanges, domestic and overseas ESG investors, index funds, and impact investments for climate-related decision-making reference, and help financial institutions to identify and prevent the risks of "greenwashing" in the process of corporate development and transformation. In addition, the CATI evaluation system incorporates the characteristics of China's climate change policies and current decarbonization stage, and provides methodologies and data support for building a transition finance framework. Therefore, we also hope that CATI evaluation can mobilize financial capital to play a positive role and provide

¹ The total GHG emissions on the Global Business Accountability Map may involve double counting of the energy sector and other industrial sectors. Total global GHG emissions in 2021 are from the IEA's Global Energy Review: CO₂ Emissions in 2021

more financial support for low-carbon transition of the carbon-intensive enterprises, and help achieve the Paris Agreement goals.

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