

Corporate Climate Action Transparency Index CATI 6.0 Methodology

**Institute of Public and Environmental Affairs (IPE)
March 2026**

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I. Overview of the CATI 6.0

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 analyzes 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 research comes from the publicly disclosed information of the companies, including but not limited to: official websites, annual reports, CSR reports, ESG reports, sustainability reports and other periodic reports, as well as social media; 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 research results and is willing to communicate with the companies to supplement, correct and revise the relevant information in a timely manner.

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

II. Corporate Climate Action Transparency Index (CATI) 6.0¹

Dimension	Sub-dimension	Indicator	Score
1. Governance (10)	1.1 Policy Construction (5)	1.1.1 Company has committed to climate action and issued 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	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

¹ Automobile and Real Estate Companies have designated sector CATI index methodologies: <https://www.ipe.org.cn/GreenSupplyChain/download.html?isfile=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
		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 Operations (13)	5.1.1 Company has implemented non-fossil energy use 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 into the product design process and disclosed emission reductions potential	1
		5.1.5 Company has implemented other emission reduction projects and disclosed associated emission reductions	2
		5.1.6 Company has partially offset carbon emissions through voluntary carbon market mechanisms, and disclosed associated emission reductions	2
	5.2 Affiliated Company Engagement (6)	5.2.1 Company affiliates have measured and publicly disclosed their carbon emissions at the facility level	3
		5.2.2 Company affiliates have set carbon targets, tracked and publicly disclosed reduction progress at the facility level	3

	5.3 Decarbonization in Value Chain (7)	5.3.1 Company has required suppliers to conduct corporate greenhouse gas and energy management	1
		5.3.2 Company has required suppliers to replace virgin raw materials with recycled or lower carbon alternatives, and disclosed associated emission reductions	1
		5.3.3 Company has launched energy saving 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
		5.3.6 Company has established (or coordinated with customers to establish) recycling mechanisms for used products	0.5
		5.3.7 Company has conducted emission reduction projects targeting other emission sources along the value chain	0.5
	5.4 Supplier Engagement (17)	5.4.1 Direct suppliers have measured and publicly disclosed facility-level carbon emissions	2
		5.4.2 Direct suppliers have set facility-level carbon targets, tracked and publicly disclosed reduction progress	3
		5.4.3 Indirect suppliers have measured and publicly disclosed facility-level carbon emissions	4
		5.4.4 Indirect suppliers have set facility-level carbon targets, tracked and publicly disclosed reduction progress	3
		5.4.5 Company employs the Blue EcoChain or other automated methods to empower upstream suppliers to manage supply chain carbon emissions OR require large suppliers to publicly disclose product carbon footprint *	5

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

III. Scoring Calculation and Weighting Factors

1. Scoring Calculation

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

Calculation formula:

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

Since carbon hotspots vary across industries and value chains, weighting factors are applied to four of the five Dimensions: 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 (Scope 1 & 2 vs. Scope 3 Upstream)
Textile	20%:80%
Leather & PU	20%:80%
IT/ICT	20%:80%
Food & Beverage	20%:80%
Retail	20%:80%
Real Estate	20%:80%
Toy	20%:80%
Internet Platform	20%:80%
Internet Software/Services	20%:80%
Pharmaceuticals	20%:80%
Interior Decoration	20%:80%
Bicycle/Moped	20%:80%
Automobile	30%:70%

Auto Parts	30%:70%
Household Appliances	30%:70%
Household & Personal Care	30%:70%
Catering	30%:70%
Industrial Chemicals	30%:70%
Pulp & Paper	40%:60%
PV Equipment	40%:60%
Dairy Products	50%:50%
Brewing	50%:50%
Liquor	50%:50%
Batteries & Battery Materials	50%:50%
Environment and Waste Management	50%:50%
Aluminum	70%:30%
Iron & Steel	80%:20%

IV. Explanation of the CATI 6.0 Indictors

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 analyzes 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.

Indicator	Scoring Criteria Explanation	Reference Standards or Regulations
1.1.1 Company has committed to climate action and issued climate declaration(s)	The company has incorporated climate change into its sustainability agenda and committed to low carbon transition.	- SDG 7, 8, 11, 12, 13, 17 - GRI 102: Climate Change 2025 - GRI 103: Energy 2025
1.1.2 Company has developed a corporate carbon neutrality plan and management system	The company has established internal carbon management system and formulated the strategies and implementation plan for low-carbon transition.	- GRI 302: Energy 2016 - GRI 305: Emissions 2016 - IFRS S1, S2 - TCFD - CSRD
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	- The company has required suppliers to measure carbon emissions, set emission reduction targets, and track emission reduction progress on a regular basis. - The company has required suppliers to carry out carbon management and data reporting at the facility level.	- CDP questionnaire - Listed Company Self-discipline Supervision Guidelines - Sustainable Development Report (Trial) and Self-Regulatory Guidelines for Listed Companies No. 1 – Preparation of Sustainable Development Reports

Indicator	Scoring Criteria Explanation	Reference Standards or Regulations
1.2.1 Company has integrated climate-related issues into its business strategy and has specific climate-related risk management procedures in place	• The company has disclosed the climate risk management procedures. • The company has disclosed the analysis of climate change risks and opportunities, and has identified, assessed, prioritised and monitored climate-related risks and opportunities. • The company has disclosed the consideration of climate-related risks in the supply chain/value chain.	(Shanghai, Shenzhen and Beijing Stock Exchange) • The Environmental, Social and Governance Reporting Guide (Hong Kong Exchanges and Clearing Limited) • Sustainability Disclosure Standards for Business Enterprises—Basic Standard (Trial) and Sustainability Disclosure Standards for Business Enterprises No.1—Climate (Trial)
1.2.2 Company has integrated climate-related issues into board-level monitoring, management and oversight responsibility	• The company has disclosed the clarification of governance processes, controls, procedures, roles and responsibilities for monitoring and managing climate-related risks and opportunities; and how climate-related targets affect executive remuneration, including board and senior management responsibilities and the integration of climate factors into executive remuneration.	
1.2.3 Company provides capacity building and financial incentives, and/or initiates innovative projects for suppliers to reduce emissions	• The company has disclosed the ways to encourage suppliers to participate in emission reduction initiatives, including but not limited to training, campaigns, cooperation programmes, or via order incentives, etc. or <u>joined external initiatives on raw material decarbonization</u> ^{NEW} • <u>The company has incorporated mandatory limits on suppliers' carbon emissions intensity or product carbon footprint into the existing low-carbon procurement standards</u> ^{NEW}	

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.

Indicator	Scoring Criteria Explanation	Reference Standards or Regulations
2.1.1 Company has publicly disclosed Scope 1 & 2 emissions data	• Scope 1 & 2 GHG emissions data • Carbon emission by sources (e.g., the emissions from purchased electricity) • Carbon accounting methodology • GHG emissions data is verified by a third party • Emissions breakdown by GHG type (e.g., CO₂, CH₄, N₂O, etc.)	• SDG 7, 8, 12, 13, 17 • GRI 102: Climate Change 2025 • GRI 103: Energy 2025 • GRI 302: Energy • GRI 305: Emissions • IFRS S1, S2 • TCFD • CSRD • Listed Company Self-discipline Supervision Guidelines - Sustainable Development Report (Trial) and Self-Regulatory Guidelines for Listed Companies No. 1 – Preparation of Sustainable Development Reports (Shanghai, Shenzhen and Beijing Stock Exchange) • The Environmental, Social and Governance Reporting
2.1.2 Company has publicly disclosed total energy use and energy use by source	• Total energy consumption • Renewable energy consumption • Energy use by source of energy	
2.1.3 Company has publicly disclosed carbon intensity or energy intensity	• Carbon intensity • Energy intensity	
2.2.1 Company has publicly disclosed Scope 3 emissions	• Scope 3 GHG emissions data • Emission data by the 15 Scope 3 categories defined by the GHG Protocol (if applicable) • Carbon accounting methodology • GHG emissions data is verified by a third party	

Indicator	Scoring Criteria Explanation	Reference Standards or Regulations
2.2.2 Company collects supplier carbon emissions data on a regular basis	• The company has collected actual emissions data from suppliers • Emissions data collected covers emission hotspots in the supply chain (T2/indirect suppliers)	Guide (Hong Kong Exchanges and Clearing Limited) • Sustainability Disclosure Standards for Business Enterprises—Basic Standard (Trial) and Sustainability Disclosure Standards for Business Enterprises No.1—Climate (Trial)
2.3.1 Company has publicly disclosed product carbon footprint	• Product carbon footprint (PCF) data • GHG emissions from life cycle stages in number or percentage • Accounting/system boundaries • Carbon footprint accounting methodology • Date of PCF data published or raw data collected • Number of PCF published • PCF data certified by third party • <u>Disclosure of the carbon footprint of different materials in production phase (by number or percentage)</u> ^{NEW}	• GHG Protocol • ISO 14067:2018 Carbon footprint of products • ISO 14025:2006 Environmental labels and declarations - Type III environmental declarations

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 set and disclose their own GHG emission reduction targets. The company's score is correlated with the types of targets disclosed and the completeness of the disclosed target elements.

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	- Target type: absolute or intensity target - Base year - Base year emissions	- SDG 7, 13, 17 - GRI 102: Climate Change 2025 - GRI 103: Energy 2025 - GRI 302: Energy - GRI 305: Emissions - IFRS S1, S2 - TCFD - SBTi - CSRD - Listed Company Self-discipline Supervision Guidelines - Sustainable Development Report (Trial) and Self-Regulatory Guidelines for Listed Companies No. 1 – Preparation of Sustainable Development Reports (Shanghai, Shenzhen and Beijing Stock Exchange)
3.1.2 Company has set and publicly disclosed its Scope 1 & 2 carbon neutrality target	The year the company aims to achieve carbon neutrality/net zero, or carbon peak for industrial companies	
3.1.3 Company has set and publicly disclosed its renewable energy target	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	
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	- The name of the initiative - The content of the initiative includes carbon reduction or neutrality targets - The content of the initiative or the criteria for joining the initiative must be publicly accessible	

Indicator	Scoring Criteria Explanation	Reference Standards or Regulations
3.2.1 Company has set and publicly disclosed its ongoing Scope 3 emissions reduction targets	• Target type: absolute or intensity target • Target scope: specify which of the 15 Scope 3 categories are covered • Base year • Base year emissions	• The Environmental, Social and Governance Reporting Guide (Hong Kong Exchanges and Clearing Limited) • Enterprise Sustainability Disclosure Standards—Basic Standards (Trial) and Sustainability Disclosure Standards for Business Enterprises No.1—Climate (Trial) • PAS 2060 Specification for the demonstration of carbon neutrality • ISO 14068-1:2023 Climate change management—Transition to net zero—Part 1: Carbon neutrality
3.2.2 Company has set and publicly disclosed its Scope 3 carbon neutrality target	• The year the company aims to achieve carbon neutrality/net zero	
3.2.3 Company has set specific targets to motivate suppliers to set their own climate targets	• Encourage suppliers to set targets related to emission reduction, carbon neutrality, and energy conservation. The targets should clearly specify elements such as the scope of the suppliers covered and the timeframe.	
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	• The name of the initiative • The content of the initiative includes Scope 3 carbon reduction or neutrality targets • The content of the initiative or the criteria for joining the initiative must be publicly accessible	

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 to track their progress on carbon reduction, carbon neutrality/net-zero emissions, energy consumption, and supply chain targets across the entire value chain. Companies are 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 corresponding climate targets, or have achieved carbon neutrality or 100% renewable energy use.

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	- Percentage of target completion - Percentage of emission reduction or energy saving against base year - Emissions from base year and reporting year	- SDG 7, 13, 17 - GRI 102: Climate Change 2025 - GRI 103: Energy 2025 - GRI 302: Energy - GRI 305: Emissions - IFRS S1, S2 - TCFD - SBTi - CSRD
4.1.2 Company has publicly disclosed progress towards its Scope 1 & 2 carbon neutrality target	- Achieved carbon neutrality and disclosed emission reductions and offsets (a statement is required if no carbon offsets are involved) - Has the same year for achieving its emission reduction and carbon neutrality targets, discloses emission reduction progress, and discloses the emission reduction or carbon offset volume for the carbon neutrality year	Listed Company Self-discipline Supervision Guidelines - Sustainable Development Report (Trial) and Self-Regulatory Guidelines for Listed Companies No. 1 – Preparation of Sustainable Development Reports (Shanghai, Shenzhen and Beijing Stock Exchange)
4.1.3 Company has publicly disclosed progress towards its renewable energy target	100% renewable energy use is achieved - Current percentage of renewable energy/installed capacity	The Environmental, Social

Indicator	Scoring Criteria Explanation	Reference Standards or Regulations
4.2.1 Company has publicly disclosed progress towards its Scope 3 emissions reduction targets	• Percentage of target completion • Percentage of emission reduction against base year • Emissions from base year and reporting year	and Governance Reporting Guide (Hong Kong Exchanges and Clearing Limited) • Enterprise Sustainability Disclosure Standards—Basic Standards (Trial) and Sustainability Disclosure Standards for Business Enterprises No.1—Climate (Trial) • PAS 2060 Specification for the demonstration of carbon neutrality • ISO 14068-1:2023 Climate change management—Transition to net zero—Part 1: Carbon neutrality
4.2.2 Company has publicly disclosed progress towards its Scope 3 carbon neutrality target	• Achieved carbon neutrality and disclosed emission reductions and offsets (a statement is required if no carbon offsets are involved) • Has the same year for achieving its emission reduction and carbon neutrality targets, discloses emission reduction progress, and discloses the emission reduction or carbon offset volume for the carbon neutrality year	
4.2.3 Company tracks its suppliers' climate target setting progress	• Approaches or tools used to track suppliers' targets setting progress • Number or proportion of suppliers with established climate targets	

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 Operations, Affiliated Company Engagement, Decarbonization in 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 undertake climate actions, and supporting suppliers in extending carbon management further upstream within their own supply chain. The company's score is correlated with the types of emission reduction projects implemented, the extent and quality of disclosures, the scalability of the projects, and the number of suppliers engaged.

Indicator	Scoring Criteria Explanation	Reference Standards or Regulations
5.1.1 Company has implemented non-fossil energy use and/or green electricity procurement and disclosed associated emission reductions	- Non-fossil energy refers to hydro, nuclear, wind, solar, tidal, biomass etc. - Project description and the number/percentage of emission reduction/renewable energy use - Scores are given based on the percentage of renewable energy in the total energy consumption	- SDG 7, 9, 11, 12, 13, 17 - GRI 102: Climate Change 2025 - GRI 103: Energy 2025 - GRI 302: Energy - GRI 305: Emissions - IFRS S1, S2 - TCFD - CSRD - Listed Company Self-discipline Supervision Guidelines - Sustainable Development Report (Trial) and Self-
5.1.2 Company has implemented energy monitoring and management programs	Mentioning how the company manages energy consumption, e.g., building energy management system, installation of energy monitoring equipment, etc.	
5.1.3 Company has implemented energy efficiency improvement projects and disclosed associated emission reductions	- E.g., switching to LED lighting, waste heat utilization, technique adjustment - Disclose project description and project emission reduction data - Scores are given based on the number of case studies disclosed	

Indicator	Scoring Criteria Explanation	Reference Standards or Regulations
5.1.4 Company has incorporated emission reduction into the product design process and disclosed emission reductions potential	Disclosure of the correlation between product design and carbon emission reduction via material substitution, improved energy efficiency, etc., and the potential of emission reduction	Regulatory Guidelines for Listed Companies No. 1 – Preparation of Sustainable Development Reports (Shanghai, Shenzhen and Beijing Stock Exchange) - The Environmental, Social and Governance Reporting Guide (Hong Kong Exchanges and Clearing Limited) - Enterprise Sustainability Disclosure Standards—Basic Standards (Trial) and Sustainability Disclosure Standards for Business Enterprises No.1—Climate (Trial)
5.1.5 Company has implemented other emission reduction projects and disclosed associated emission reductions	- E.g., reducing industrial production processes emissions and fugitive emissions, and developing negative carbon technologies - Disclose project description and project emission reduction data - Scores are given based on the number of case studies disclosed	
5.1.6 Company has partially offset carbon emissions through voluntary carbon market mechanisms, and disclosed associated emission reductions	- E.g., the use of energy attribute certificate, certified emission reductions (CRE), green or renewable energy certificates etc. - Disclose the names of the carbon crediting programs or certified emission reduction projects - Disclose the amount of carbon credits used to offset the company's emissions	
5.2.1 Company affiliates have measured and publicly disclosed their carbon emissions at the facility level	- This indicator aims to promote the breakdown of GHG emissions. - 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&D centers). - For companies WITH manufacturing affiliates, scores are given based on the percentage of major factories that have disclosed carbon data. - For companies WITHOUT manufacturing affiliates, scores are given based on whether carbon emissions data are broken down and disclosed by geographic regions, business segments, or operational sites.	

Indicator	Scoring Criteria Explanation	Reference Standards or Regulations
5.2.2 Company affiliates have set carbon targets, tracked and publicly disclosed reduction progress at the facility level	• This indicator aims to promote the breakdown of climate targets. • Companies are expected to publicly disclose climate targets 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, storage facilities, R&D centers). • For companies WITH manufacturing affiliates, scores are given based on the percentage of major factories that have disclosed carbon targets. • For companies WITHOUT manufacturing affiliates, scores are given based on the number of sub-targets/breakdown targets disclosed.	
5.3.1 Company has required suppliers to conduct corporate greenhouse gas and energy management	• E.g., third-party verification of greenhouse gas accounting, product carbon footprint certification, energy management system certification	
5.3.2 Company has required suppliers to replace virgin raw materials with recycled or lower carbon alternatives, and disclosed associated emission reductions	• Disclose project description and project emission reduction data • Scores are given based on the number of case studies disclosed or the scale of the projects	
5.3.3 Company has launched energy saving and/or low carbon technology innovation initiatives with material suppliers, and disclosed associated emission reductions	• Disclose project description and project emission reduction data • Scores are given based on the number of case studies disclosed or the scale of the projects	

Indicator	Scoring Criteria Explanation	Reference Standards or Regulations
5.3.4 Company has launched emission reduction initiatives with logistics suppliers, and disclosed associated emission reductions	• Disclose project description and project emission reduction data • Scores are given based on the number of case studies disclosed or the scale of the projects	
5.3.5 Company has published best practice on supply chain carbon management annually	Case studies can be published either by companies or by their suppliers. • Corporate-level best practice case studies must include: 1. Identification of emission hotspots within the accounting boundaries. 2. Technologies or management practices applied to achieve emissions reductions. 3. Disclosure of the GHG emissions baseline at the factory/production line/equipment level, along with the proportion/quantity of suppliers covered by the case (pilot or scaled implementation). 4. Emission reduction outcomes: publicly available supplier GHG data shows a downward emissions trend. • <u>Product-level best practice case studies must include:</u> 1. <u>Decarbonization measures</u> 2. <u>Quantified data on the reduction of carbon footprint, e.g., in comparison with the industry average, absolute emission reduction or reduction ratio, and its relation to industry benchmarks, similar products, or historical models of the product</u> ^{NEW}	
5.3.6 Company has established (or coordinated with customers to establish) recycling mechanisms for used products	• Solid waste disposal practices do not meet the criteria	
5.3.7 Company has conducted emission reduction projects targeting other	• E.g., emission reduction projects targeting other parts of the value chain, such as business travel, employee commuting, and the product use phase	

Indicator	Scoring Criteria Explanation	Reference Standards or Regulations
emission sources along the value chain		
5.4.1 Direct suppliers have measured and publicly disclosed facility-level carbon emissions	Scores are given based on the percentage of direct/indirect suppliers (by number or procurement expenditure) that publicly disclose carbon data/targets at the facility level: less than 50%, 50% to 80%, and above 80%	
5.4.2 Direct suppliers have set facility-level carbon targets, tracked and publicly disclosed reduction progress		
5.4.3 Indirect suppliers have measured and publicly disclosed facility-level carbon emissions		
5.4.4 Indirect suppliers have set facility-level carbon targets, tracked and publicly disclosed reduction progress		
5.4.5 Company employs the Blue EcoChain or other automated methods to empower upstream suppliers to manage supply chain carbon emissions OR require large suppliers to publicly disclose product carbon footprint	- The company has required major or key suppliers to conduct carbon accounting and disclosure within their own upstream suppliers - The company has required major or key suppliers to publicly disclose product carbon footprint data - Scores are given based on the number of suppliers promoted annually	

V. Subject of the CATI Index research

- Leading companies from key greenhouse gas emitting industries included in China's national carbon trading market—power generation, petrochemicals, chemicals, building materials, iron and steel, non-ferrous metals, paper, and civil aviation.
- Leading companies from strategic emerging industries such as batteries and battery materials, electric vehicles, wind and photovoltaic equipment, and renewable power generation, etc.
- Consumer-facing brands: Companies in industries such as IT/ICT, textiles, leather & PU, food & beverage, etc. that have a considerable supply chain in China. The research especially focuses on companies whose supply chains have substantial impacts on climate change, and those that have made public commitments to low-carbon procurement.

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 researched company, 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 EcoChain² 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 (CO₂); methane (CH₄); nitrous oxide (N₂O); hydrofluorocarbons (HFCs); perfluorocarbons (PFCs); sulphur hexafluoride (SF₆); and nitrogen trifluoride (NF₃).

8. Carbon Neutrality

² <http://www.ipe.org.cn/GreenSupplyChain/GreenEcologyChain.html>

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 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 CO₂ 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 Allowance

The right to emit a certain quantity of GHG.

17. 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 GB/T 24420-2009*

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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), 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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