



Heavy levels of smog shrouded Beijing in December – but the city government also for the first time issued a “red alert,” adopting stringent measures to curb pollution and protect citizens. **Temporary regulations to address pollution problems are becoming more common in China, and they’re not just impacting Chinese businesses:** a number of textile factories supplying to well-known brands were recently forced to alter their production or stop production altogether as a means of cleaning up air quality during major conferences. To prevent similar policies from negatively impacting business operations, **brands should take proactive measures to mitigate supply chain risks.**

In this month's newsletter:

- [Why textile suppliers' production was halted to ensure "conference blue" skies](#)
- [How supply chain management can help curb climate change](#)
- [Big brands 'get going' to reduce supply chain carbon emissions](#)
- [IPE founder and director Ma Jun speaks to CCTV about Beijing's "red alert"](#)
- [New initiative calls for expansion of real-time monitoring information in China](#)

On behalf of IPE, we hope that the new year brings you and your family great happiness, blue skies and many smiles!

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Major textiles suppliers forced to temporarily shut their doors to ensure "conference blue" skies

Suzhou, a city in Jiangsu province, recently gained exposure to the limelight when it hosted the 16+1 conference between China and leaders from 16 Eastern and Central European nations in late November. To ensure pristine air quality during the conference, **Suzhou and a number of other nearby cities limited production or forced suspension of production for as long as two weeks at over 300 textile, printing and dyeing and other factories in the region.** And in mid-December, Zhejiang province issued a list of target enterprises for emissions control when it welcomed over 50 foreign ministers and 600 internet company executives to Wuzhen for the World Internet Conference. Since Wuzhen is also a key region for textile production, many dyeing and printing mills were targeted for their emissions, including 197 textile factories in Wuzhen's Jiaying city alone. In addition, Zhejiang established several “rings” for different levels of pollution control that affected factories in nearby cities, including the textiles-manufacturing hub of Shaoxing (see map).

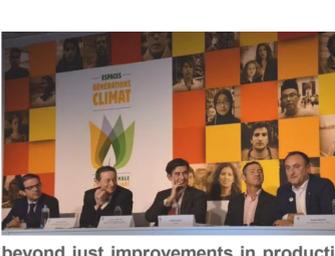


While water pollution issues have been a major focus of textile mills, these events suggest that air emissions must also become a focal point of textile brands' risk management – otherwise factories' supply might be affected by policies adopted to curb pollution during important events. Before the Wuzhen conference, a list was also released of those factories using natural gas and other cleaner energy sources; these enterprises were allowed to continue production during the big event. Given that next year's G20 summit will held in Hangzhou, and the significant potential for other important future events to be held in the region, **it is clear that factories' environmental performance is no longer just a matter of corporate social responsibility, but is also a risk factor that may majorly affect enterprises' future production and profits.**

[Read how textile supplier Zhejiang Qingmao cooperated with environmental organizations to address complaints from local residents and reduce its emissions >](#)

Supply Chain Carbon Emissions Receive Much-Needed Attention at Paris COP21

Supply chains are a key target for controlling worldwide climate emissions. This is especially true for manufacturing-centric economies: [between a fifth and a third of China's carbon dioxide emissions come from producing goods for export](#), according to [a study published in Nature Climate Change](#) earlier this fall. At present, **63 brands ranked on the CITI index** have made a written commitment that requests at least direct suppliers to provide energy and climate emissions data, but **only two of these brands – Apple and Adidas – have pushed high-intensity suppliers farther up the supply chain to disclose this information.** Information disclosure serves to help the public, media, government and NGOs put pressure on polluting enterprises to improve environmental performance. By working together to improve supplier performance, big-name brands and listed companies can decrease how much external pressure is needed to improve the environmental performance of these polluters.



During December's Paris COP21 climate conference, [EcoVadis](#), which provides a platform for companies to monitor supply chain sustainability, organized a forum to discuss the importance of supply chains for achieving climate targets. Participants such as L'Oréal emphasized that **supply chain climate emissions reductions go beyond just improvements in production technology and management, starting as early as sustainable procurement of raw materials.**

Big Brands 'Get Going' to Reduce Supply Chain Carbon Emissions

Linda Greer of the Natural Resources Defense Council (NRDC), who cooperates with IPE on the Corporate Information Transparency Index (CITI), details a number of recent initiatives from the private sector to address climate change in a [blog post on NRDC's Switchboard platform](#). She writes, “Unlike governments whose authority is limited outside their own borders, **multinational corporations can leverage reductions across dozens of countries, both industrialized and less developed, in one swoop -- with their sourcing decisions [...]** Until now, far too many companies have focused only on carbon emissions from their corporate offices and retail spaces (known as Scope 1 and Scope 2 reductions), because that was an easy place to start.” Among others, she highlights the efforts of the [Carbon Disclosure Project](#) and [We Mean Business](#) to push companies to reduce their supply chain carbon emissions.

[Read the full post on NRDC's Switchboard platform >](#)



IPE founder and director Ma Jun spoke to CCTV's English-language World Insight program on December 8 about Beijing's decision to issue its first “red alert” for air pollution and IPE's new initiative to push for greater information disclosure from key pollution sources.

New Initiative to Expand Real-Time Emissions Information Will Support Brands' Supply Chain Management

China has made great strides in air pollution information disclosure since the beginning of 2013: there are 338 cities that now release hourly real-time air quality, and a new regulation that went into effect at the beginning of 2014 requires **real-time disclosure of hourly air emissions data and bi-hourly wastewater data from polluting enterprises monitored at the national level** (“key state-monitored enterprises”). Moreover, by providing a platform for the public to access and share this real-time emissions information via social media and other means, IPE's Blue Map app has played a role in **pushing over 400 non-compliant enterprises to issue public explanations** for their emissions exceeding standards.

The current environmental situation in China is still serious, but **expansion of information disclosure can play a key role in solving these issues.** In December, IPE launched an initiative calling on provincial and municipal environmental authorities to publish local lists of key pollution sources according to law, and disclose real-time air emissions data from these enterprises on their online platforms alongside the emissions data for enterprises monitored at the national level. **Multinational companies sourcing from monitored factories may be able to incorporate this more comprehensive data into their existing supply chain management systems** to help determine to what extent their suppliers are complying with China's pollutant standards.

[Read more about the details about the new initiative >](#)



POLICY UPDATES & RESOURCES

Policy Updates

- [General Rule of Self-Monitoring Guidelines for Pollution Sources \(Chinese\)](#)
- [Discharge Standards of Pollutants for Urban Wastewater Treatment Plants \(Chinese\)](#)
- [Amendments to Solid Waste Environmental Pollution Prevention and Control Law \(Chinese\)](#)

Policy Resources

- [Amendments to PRC's Law on the Prevention and Control of Air Pollution \(amended in August 2015\) \(English translation\)](#)
- ["Water 10" Action Plan \(issued in April 2015\) \(English translation\)](#)
- [Made in China 2025 \(policy summary\)](#)
- [EU-China Environmental Governance Project Policy Resource Center \(Bilingual\)](#)
- [China Hazardous Chemicals Management Resource Center \(Bilingual\)](#)
- [China Law Translate \(crowd-sourced English translations of Chinese laws\)](#)

Disclaimer: Links are provided for reference only. IPE assumes no responsibility for false or inaccurate information in the materials provided in this newsletter.

IN THE NEWS

[China detains 10 company officials over fabricated pollution data -- Reuters, December 17](#)

[Chinese court accepts NGO lawsuit against Volkswagen China -- South China Morning Post, December 15](#)

DID YOU KNOW?

There are **two different processes an enterprise can undergo to remove an environmental supervision record** from the IPE database: 1) an on-site GCA audit or 2) off-site document review. [Read about the different requirements for each process here.](#)

RELATED REPORTS AND EVENTS

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