

Car components crisis reveals automotive industry's long-term oversight of supply chain pollution. PITI annual report highlights China's environmental information transparency progress, brand story updates on green supply chain practices of leading IT and textile brands & more

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INSTITUTE OF PUBLIC & ENVIRONMENTAL AFFAIRS



# GREEN CHOICE

NEWSLETTER | SEPTEMBER 2017

China is taking a hard stance against corporates that violate environmental regulations. [Inspections launched by the central government](#) are cracking down on tens of thousands of polluting factories nationwide, affecting supply chains ranging from chemicals to electronics to textiles. Recently, government scrutiny on polluters has put the **automotive industry** under the spotlight. The shutdown of a Shanghai-based star supplier to Schaeffler Group, a German company, may result in a supply shortage of vital car components, which "could cause 49 vehicle assembly plants to halt production, equivalent to 46 billion USD in losses."

A [follow-up article](#) by IPE reveals that the supplier's past violation records could have provided Schaeffler with forewarning of the supplier's environmental risks. Taking active responsibility to ensure suppliers abide by environmental laws should not only be corporate social responsibility (CSR) policy, but is also a key means of mitigating growing supply chain environmental risks.

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## Car components crisis reveals automotive industry's long-term oversight of supply chain pollution

German automotive company Schaeffler Group recently made headlines when its supplier, Jielong Metal Withdrawing Co., Ltd., was requested by local authorities in Shanghai to "have its power cut, cease production and dismantle production equipment" for violating environmental laws. In response, Schaeffler filed a petition asking the local government to grant a three-month grace period in order to adapt its supply chain after this "sudden closure."

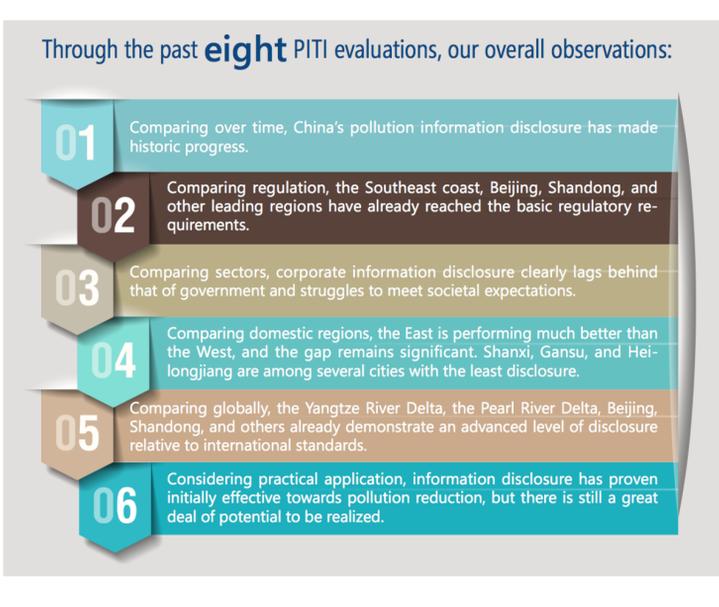
However, what happened to Schaeffler's star supplier did not necessarily come without warning. According to [IPE's Blue Map Database](#), Jielong Metal Withdrawing received environmental violations in 2012, 2013 and 2017. The company was rebuked because it lacks an Environmental Impact Assessment (EIA) report and was thus operating illegally. In addition, the company repeatedly ignored shutdown orders from the central inspection team and local authorities in December 2016 and March and September of this year.

[Two related reports](#) published by IPE and environmental NGO Lvse Jiangnan last year present evidence that not only Schaeffler, but also many famous automakers are turning a blind eye on their supply chain pollution issues. We hope to see [automobile and other brands](#) draw a lesson from the Schaeffler incident, starting by screening suppliers' environmental violation records, thoroughly evaluating supply chain environmental risks and actively motivating suppliers with violations to improve.

(The [follow-up article](#) written by IPE was also re-published by the Ministry of Environmental Protection on its Weibo account. Click [here](#) to see the article in English.)

## PITI annual report highlights China's environmental information transparency progress

IPE and NRDC jointly released [the 2016-2017 Pollutant Information Transparency Index \(PITI\) assessment results](#) in September. This is the eighth consecutive year that the two organizations have jointly conducted an evaluation of the status of pollution source information disclosure in 120 cities, including provincial-level cities and key cities for environmental protection stipulated in China's National Environmental Protection Plan.



This year's evaluation results show both noticeable improvements as well as clear shortcomings:

### Key Improvements:

- Full disclosure of information regarding the clean-up of illegal construction projects
- 14 cities scored 70 points or higher, indicating their information transparency level surpasses legal requirements
- Supervision records have been used by credit rating, green supply chain and green finance initiatives to promote enterprise environmental compliance

### Major Shortcomings:

- Legal requirements for real-time disclosure in the new Environmental Protection Law and Air Pollution Prevention and Control Law have yet to achieve full implementation
- Although some cities have made great strides in environmental scrutiny, supervision information has not yet been effectively disclosed
- There remains a lack of regulation of toxic and hazardous substances

Click [here](#) to see the full report with 120 cities' environmental information disclosure rankings.

## Brand story updates on green supply chain practices of leading IT and textile brands

Apple increased efforts to reduce manufacturing waste through its Zero Waste Program, and significantly cut its carbon footprint by implementing an energy efficiency project.

H&M launched an energy and water efficiency program in China, equipping suppliers with monitoring and data management tools as well as technical support, and training them on sustainable practices.

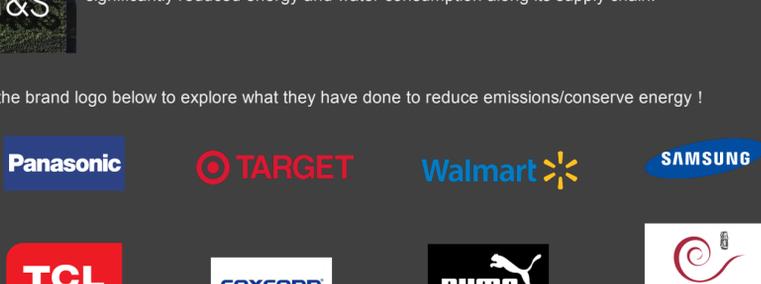
Ikea initiated the "Supplier Goes Renewable" Project, helping high energy-consuming suppliers to efficiently save energy.

Gap, Inc. increased its supplier environmental management capacity by joining the Clean by Design initiative. It also launched the China Mill Efficiency Program to improve energy and water use efficiency of its printing and dyeing factories.

Huawei encourages its suppliers to establish energy management systems. 20 suppliers participated in its energy conservation and reduction program in 2016, reducing CO<sub>2</sub> emissions by 55,000 tons.

By implementing its Plan A/C100 Energy Conservation Project and ECO Factory Program, M&S significantly reduced energy and water consumption along its supply chain.

Click the brand logo below to explore what they have done to reduce emissions/conserves energy !



## IPE's director Ma Jun named 2017 Prince Claus Award Principal Laureate



On September 6, the Prince Claus Fund named IPE founder and director one of two Principal Laureates out of 143 nominated candidates worldwide. In keeping with its guiding principle that 'culture is a basic need', the Fund interprets culture in a broad sense to encompass all kinds of artistic and cultural actions that have position impacts on social development. Based in Amsterdam, the Prince Claus Awards are a prestigious award presented annually to individuals and organizations for their significant and ground-breaking contributions to their societies. Ma Jun will receive the Principal Prince Claus Award at the Royal Palace in Amsterdam in December of this year.

For more details, please refer to the [official press release](#).

## POLICY UPDATES & RESOURCES

### Policy Updates

- [Identification standards for hazardous wastes: General specifications](#) (Chinese). Passed on August 31, 2017; goes into effect on October 1, 2017
- [Standard conditions for the printing and dyeing Industry \(2017 Edition\) & Interim administrative measures on the standard announcements of printing and dyeing enterprises](#) (Chinese). Published by Ministry of Industry and Information Technology on August 31, 2017
- [Opinions on strengthening environmental supervision reform to improve the quality of environmental monitoring data](#) (Chinese). China will establish accountability data and punishment measures for monitoring data fraud to ensure the authenticity and accuracy of monitoring data.

### Policy Resources

- [Environmental Protection Tax Law of the P.R.C.](#) (English)
- [Soil Pollution Action Plan \("Soil Ten"\)](#) (Unofficial English translation)
- [Amendments to China's Air Law \(passed in August 2015\)](#) (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)

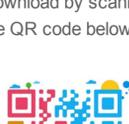
### RELATED NEWS AND REPORTS

[Energy hogs: China targets farm waste as a 'clean' power source](#)  
--Reuters, August 30, 2017

[Electronic Brands: Sustainable Or Not?](#)  
--China Water Risk, September 18, 2017

### DOWNLOAD IPE'S BLUE MAP APP!

IPE's Blue Map 4.0 now available in English! Download by scanning the QR code below:



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