

绿色选择 Green Choice

月报 Newsletter | 2019年10月 October 2019

2019 CITI published at the Green Supply Chain Forum



Last week, IPE celebrated the sixth annual edition of the Corporate Information Transparency Index (CITI), which ranks nearly 440 brands from diverse industries on their environmental management of supply chains in China. Dell topped the rankings this year, followed by Levi's, Adidas, C&A and a dedicated group of IT and apparel brands in the Top 20. After five years in first place, Apple graduated to become the inaugural CITI Master, after adopting Blue EcoChain and sharing responsibility for environmental protection among their 223 suppliers in China.

Read on for more highlights, or find the [full report](#) and [best practices](#) on our website!

各位希望阅读中文月报的读者，可持水管理联盟（AWS）将我们的月报翻译成中文。您可以通过他们的平台此处订阅IPE绿色选择月报的中文版。

— Erin Wong, Green Supply Chain Outreach Coordinator

In this year's CITI Evaluation report:

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Progress in Green Supply Chains in China, 2018-2019

Tier One suppliers and leading brands push green procurement practices upstream

Unprecedented numbers of Tier One manufacturers began to investigate and respond to pollution in their own supply chains this year. Brands often have difficulty pushing major suppliers to take action, especially well-established textile companies or original design manufacturers (ODMs). As more of these direct suppliers recognize the benefits of environmental management, therefore, they pave the way for green procurement to extend further upstream.

Li & Fung led these efforts in 2019, pushing over 100 suppliers to respond to regulatory violations, closely followed by Esquel, which targets dye, intermediate and ink suppliers as hotspots of high environmental impact. Featured below, exemplary Tier One suppliers taking action.



Leading brands also made exceptional progress extending upstream themselves. No less than 30 metal suppliers contacted IPE this year, including several iron and steel companies from industries notorious for air pollution. Meanwhile, textile, IT, personal care and paper brands put pressure on their own environmental hotspots: chemical processing, wastewater treatment and hazardous waste treatment facilities. Collective action pushed five wastewater treatment plants to publicly respond with remediation plans, which, as with iron and steel suppliers, demonstrates the first steps of a clear, momentous shift among longstanding polluters.

Blue EcoChain links brands, suppliers and NGOs, catalyzing pollution response

Since Blue EcoChain launched in early 2018, 37 brands and 50 Tier One suppliers now actively use the system to track their suppliers in China and receive automated updates when environmental issues appear (brands featured below). Dell, this year's No.1 CITI brand, uniquely reached written agreements with each of its suppliers to require the use of Blue EcoChain, as well as prompt public explanations and corrective actions for every new violation in the database.

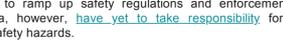


Local NGOs also stepped up this year. Using Blue EcoChain, they successfully pushed 721 high-impact enterprises to publicly respond through IPE's Blue Map when their real-time monitoring data showed air or water emissions above pollution standards.

In total, more than 2,900 factories contacted IPE throughout the 2018-2019 evaluation period, an 18% increase from the same period last year, resulting in 100-150 enterprise calls or emails coming into the IPE office every week—all responding to violation records or requests for greater transparency. Of those who reached out, 1,006 passed full audits to demonstrate compliance and remove their record from the Blue Map; others published explanations or annual data as a first step to environmental accountability.

Trailblazers appear despite relative silence from the chemical industry

While IT and textile companies achieved new depths in supplier oversight, the chemical, pharmaceutical, food and beverage, dairy, beer, personal care and paper industries remained far behind. Earlier this year, the 3.21 chemical explosion in Xiangshu County served as a flashpoint for the government to ramp up safety regulations and enforcement. Most chemical giants sourcing from China, however, have yet to take responsibility for the industry's inherent environmental and safety hazards.



A few outliers give reason to hope. Archroma, a global color and specialty chemical company, began to use the Blue Map to track its suppliers this year and now requests public explanations and remediation plans in response to outstanding records. Dystar, a chemical supplier to the textile, leather, paper and plastic industries, also began actively screening their own suppliers this month. While other brands have taken preliminary steps, IPE continues to advocate for greater commitments from chemical companies, given the severe risks evident from earlier this year.

Real estate companies offer a powerful model for industry coalitions

Last year, Landsea Green Group introduced environmental regulatory compliance into the requirements for its centralized bidding documents, actively forcing suppliers to respond to outstanding records if they wanted to conduct business with Landsea. This year, the China Urban Realty Association (CURA) and the Real Estate Green Supply Chain Action group, led by Landsea, expanded this requirement throughout their collective procurement initiative.

Over one hundred real estate brands now work together to incentivize suppliers to stay in compliance and respond to environmental issues. This year, they pushed 20 suppliers of escalators, pumps, waterproof materials, glass and windows, solar heaters, paint, and locks to publish public explanations regarding their environmental records, advocating where no other industry can.



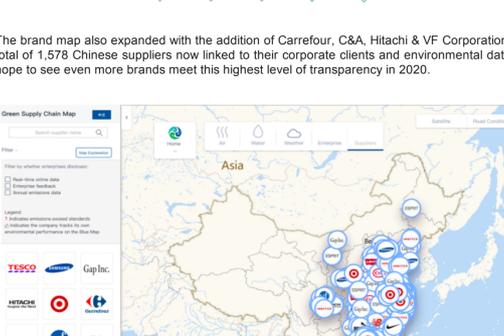
Similar industry coalitions such as the Sustainable Apparel Coalition, Pharmaceutical Supply Chain Initiative, Responsible Business Alliance, Zero Discharge of Hazardous Chemicals and Together for Sustainability are well-positioned to require environmental legal compliance of their suppliers in China. All of them have recognized IPE's work and some are exploring methods of integrating the Blue Map into their member services. We look forward to further progress in 2020.

PRTR reporting and the Brand Map make headway for environmental transparency

IPE witnessed steady growth in Pollutant Release and Transfer Registry (PRTR) reporting this year, with 800 enterprises disclosing their annual energy, water and chemical use (brands featured below). With energy use now automatically calculated into the equivalent carbon emissions volume, PRTR data also provides supplier-level emissions data for climate-conscious brands and will support brands as they are ranked in IPE's 2019 [supply chain climate action index](#), to be released in December.



The brand map also expanded with the addition of Carrefour, C&A, Hitachi & VF Corporation for a total of 1,578 Chinese suppliers now linked to their corporate clients and environmental data. We hope to see even more brands meet this highest level of transparency in 2020.



International and Finance Programs Address Trends and Risk

IPE spent the year anticipating new risks in the manufacturing sector. As China continues to strengthen environmental law enforcement, violations pose a new threat of supply chain disruptions.

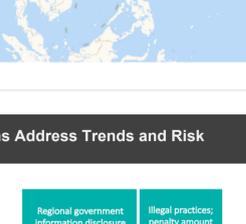
For investors to adequately analyze the economic risk, IPE developed the first Dynamic Environmental Credit Risk Assessment (DECRA) to give enterprises credit ratings based on violation records, real-time emissions monitoring, public feedback and corrective actions, as well as regional government transparency.

DECRA can now be applied to six million enterprises in the Blue Map Database, producing a color rating and quantitative score for comparative risk analysis.

Next, as law enforcement increases and China's economy changes, companies have already begun to relocate abroad.

To protect against the export of supply chain environmental impacts, IPE is now gathering data on manufacturing hubs along the Belt and Road to build a regional environmental transparency platform. Join our international research program and learn more about DECRA by emailing ips@ipe.org.cn.

We look forward to hearing your thoughts!

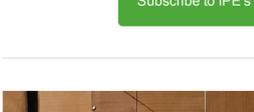


That's a wrap for this year's CITI!

Thank you to all of our partners, co-hosts and research contributors. Special thanks to our Global Fellow, Linda Greer; Program Director, DING Shanshan; and green supply chain team for their dedicated work throughout the year.



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Ma Jun and the German Minister for Environmental Affairs

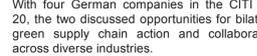
Following the Green Supply Chain Forum, IPE Director Ma Jun met with German Minister for Environmental Affairs Andrea Schulze on the side of the German-Chinese Environmental Forum in Beijing this week.

With four German companies in the CITI Top 20, the two discussed opportunities for bilateral green supply chain action and collaboration across diverse industries.

CITI MEDIA COVERAGE

- [Fashion brands judged on supply chain oversight](#), Ecotextile, October 24, 2019
- [More brands monitoring Chinese chemical supplier operations](#), Chemical Watch, October 25 2019
- [Most fashion brands don't know enough about their carbon footprints to actually shrink them](#), Fashionista, October 25, 2019
- [Apple honored for its efforts to promote green supply chain in China](#), Ecn's.cn, October 25, 2019
- [Dell tops green rankings for supply chains](#), Supply Management, October 25, 2019
- [China Tech Giants Driving Supply Chain Environmental Compliance](#), Caixin Global, October 26, 2019

DOWNLOAD IPE'S BLUE MAP APP!



- [Levi Strauss leads on green supply chain in China](#), Just-Style, October 28, 2019
- [Report: Levi's Has Greenest Supply Chain in China, But Most Brands Fall Short](#), Sourcing Journal, October 28, 2019
- [Apple Receives Green Supply Chain Master Award in China](#), Business Times, October 28, 2019

