



Sustainable Apparel's

Critical Blind Spot



**Friends of Nature, Institute of Public and Environmental Affairs, Green Beagle,
Envirofriends, Nanjing Green Stone**

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Cleaning up the Fashion Industry Phase II - DRAFT

The English version of this report is still undergoing proofreading. Minor changes to this version may be made but the Brand Assessment Chart rankings and the main contents of the report will not be altered.

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1. Executive Summary

In recent years, we have started to see more reports of large scale international brands and retailers moving business orders away from China. More and more items of clothing in U.S. and European shopping malls have labels showing that they have been made in countries in Southeast Asia, South Asia and even Africa. However, when we looked in detail into this problem we found that the decrease in share of textile exports was mainly concentrated in the garment processing sector. In the raw material processing sectors like dyeing and finishing, China still held the major position globally and exports are still rising steadily. Since China still has many advantages in fabric manufacturing over other textile exporting countries we predict that in the future China will remain the world's textile material processing and manufacturing factory.

Merely looking at this from an economic perspective China can be seen to have had both losses and gains in this new round of global distribution of labor. However, from the environmental and social perspective, the re-distribution of industries across countries is more worrying. China is losing the labor intensive garment manufacturing cut and sew sector of the textile industry. This sector was able to provide a large amount of jobs, and what's more, water consumption, energy consumption and pollution discharge were all minimal. The sector of the textile industry that China has retained is the resource intensive dyeing and finishing sector. This sector is not able to provide large amounts of jobs and water consumption, energy consumption and pollution discharge are all very large.

China's current air and water pollution problems are extremely serious, and so to alleviate the harmful effect that this new spread of industrial developments could have on China's environment, the discharge of pollution needs to be strictly controlled. However, enforcement is not strict and the cost of resources like water is also very low. This means that dyeing and finishing companies commonly skip implementing water or energy savings, make no effort to reduce pollutant discharge and fail to even consistently abide by environmental laws and regulations.

The reduction of pollution discharge from the textile industry has become a focus for society. The central and local governments, as well as the general public and textile industry associations are all working hard to strengthen environmental management and push textile companies to reduce energy consumption and pollution discharge. A large number of apparel brands and retailers have also come out with their own sustainable procurement policies. However, supply chain environmental management for many brands just reaches to their first tiers of suppliers, which is usually just cut and sew factories. For the environmental performance of their most polluting materials suppliers, their understanding has limits and some brands are not even clear who these suppliers are. Therefore, sustainable apparel has this dangerous blind spot that means that dyeing and finishing enterprises lower their environmental standards in order to win orders, which in turn creates a race to the bottom.

In order to push brands to make green choices, on April 9th, 2012, five environmental NGOs, Friends of Nature, the Institute of Public & Environmental Affairs, Green Beagle, Envirofriends and Nanjing Green Stone jointly published an investigative report titled “Cleaning up the Fashion Industry”.

H&M, Nike, Esquel, Levi’s, Adidas, Walmart, Burberry and Gap all proactively followed up and established a regular screening mechanism, actively identified pollution records in their supply chain and pushed more than 200 textile and leather suppliers to make explanations regarding their violation problems and the follow-up actions they have taken. Out of these, Adidas, Nike, Levi’s and H&M have already begun to extend management down to dyeing and finishing suppliers.

However, faced with specific questions from environmental NGOs about emissions violation problems in their supply chain, there are still 22 brands, including Marks & Spencer, Disney, J.C. Penney, Polo Ralph Lauren and Tommy Hilfiger that chose the other option and either gave a limited response or no response. Amongst these was the British company Marks & Spencer. This company has its “Plan A” which has become a sustainable business benchmark for global textile companies and retailers. Through further research we discovered that suspected material suppliers to this company, which claims to be the first brand to be “zero waste,” “carbon neutral” and to have established a “cradle to cradle” business model, have actually had a serious impact on local communities and the environment through their pollution discharge.

Marks & Spencer, faced with questions from environmental NGOs, has evaded answering these questions and has done as little as possible. If Marks & Spencer is unwilling to face the pollution problems in their supply chain and deliberately choose to stand on the wrong side, they should let the world know about their choice and not continue to let suppliers pollute the environment and hurt communities whilst using concepts such as “zero waste” and “carbon neutral” to greenwash their performance.

Consumers also need to make a choice. We believe that consumers of Marks & Spencer, Disney, J.C. Penney, Polo Ralph Lauren and Tommy Hilfiger products are not willing to accept damage to the environment and communities in order to keep the cost of their fashionable clothes low. For the sake of the environment and to ensure that we can give our children a safe place to live, we propose that consumers make brands like Marks & Spencer aware of their feelings. Please help us make the brands sit up and listen!

2. The Expansion of the Textile Industry has Caused Changes across the World

In recent years, we have started to see reports of large scale international brands and retailers moving business orders away from China. More and more items of clothing in U.S. and European shopping malls have labels showing that they have been made in countries in Southeast Asia, South Asia and Africa. In 2009, Nike shut down its only shoe factory in China and recently, Adidas has also closed its only factory in China. This has led people to believe that China is steadily losing its status as the textile factory to the world.

However upon further investigation into this issue, we have found that the decline in textile exports is mainly concentrated in the cut and sew sector. Owing to the appreciation of the RMB, the rapid rise in the cost of raw materials and rising pressures such as international trade barriers, China no longer has an advantage in these labor intensive industries such as the cut and sew sector. In clothing markets in Europe and the United States, there are more and more clothes that no longer have labels saying “Made in China” but instead the clothes are made in Vietnam, Cambodia, Bangladesh, Indonesia and even in African countries like Mauritius.

The main reason for this is that the cost of labor has increased in China; however, in Vietnam, Cambodia and Bangladesh, workers’ salaries are still much lower than those in China. For example, in Bangladesh, a worker’s monthly salary is 1/10 of that of a worker in China¹. At the same time, in order to attract foreign investment, Bangladesh chose that companies that invest in its export clothing production zones don’t have to pay income tax for 10 years². In the wake of the international economic crisis, Bangladesh’s knitted garments and plain weave garment production rose sharply by 46% and 40% respectively from 2009 to 2010³. This increase was due to international brands such as Walmart, Tesco and H&M were leaving China due to production cost problems and instead began placing orders in Bangladesh instead.⁴

However, insiders have pointed to another side of the problem. In China, although some textile exports are declining, this is mostly in the finished garment sector, while in the raw materials processing sector, which includes dyeing and finishing processes, they are growing steadily. According to the 2011/2012 China Textile Industry Report, for the six main printing and dyeing product categories, the total amount of exported printed and dyed cloth was 14.412 billion meters which showed a year on year growth of 13.76%.⁵ The value of exported printed and dyed products was 16.979 billion USD which showed a year on year growth of 31.26%. However, at the same time the total value of all exported textile products only increased by 0.49%.

¹ See: <http://finance.stockstar.com/MS2012050800000502.shtml>

² Bangladeshi Apparel Industry Emerging as a New Force, Tax Rebate Structure needs adjusting, Economic Observer, July 16, 2011.

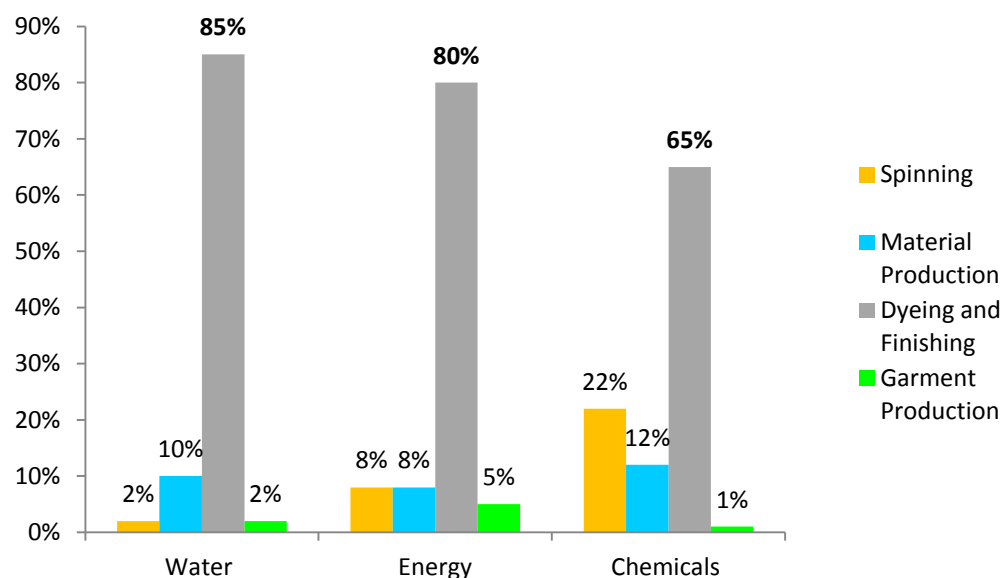
³ <http://www.ccfci.com/ccfei/ArticleDetail.aspx?articleid=605671>

⁴ <http://www.ccfci.com/ccfei/ArticleDetail.aspx?articleid=605671>

⁵ 2011/2012 Chinese Textile Industry Development Report June 1, China National Textile Industry Federation.

China's dyeing and finishing industry is well established and experienced and has many advantages such as a high degree of industrial clustering, an efficient and complete supply chain and even raw material production, such as cotton. Dyeing and finishing is a capital intensive industry and establishing and building large scale dyeing and finishing facilities requires huge investment. Therefore, China has a comparative advantage over many textile exporting nations. Considering the factors mentioned above we feel that China the dyeing and finishing sector's export processes will continue to remain in China. Bangladesh is the country with the biggest knitting and weaving garment exports in the world but they are heavily reliant on importing raw materials. According to statistics from the Bangladesh Garment Manufacturers and Exporters Association, Bangladesh has a deficit of over 2 billion square meters of dyeing and finishing fabric that needs to be filled.⁶

Garment processing has moved out of China but printing, dyeing and finishing processes are now becoming more concentrated in China. Merely looking at this from an economic perspective China can be seen to have had both losses and gains. However, from the perspective of society and the environment, the division is more worrying. China has lost the labor intensive garment manufacturing cut and sew sector of the textile industry. This sector was able to provide a large amount of jobs and what's more, water consumption, energy consumption and pollution discharge were all minimal. The sector of the textile industry that China has retained is the resource intensive dyeing and finishing sector. This sector is not able to provide large amounts of jobs, and water consumption, energy consumption and pollution discharge are all very large.



The graph above shows water, energy and chemical consumption for the different sectors of textile manufacturing. It can be clearly seen that in the four main processes of spinning, material production, printing and dyeing and garment production, the printing and dyeing sector's water

⁶ <http://www.nz86.com/article/189834/>

resource consumption makes up 85%, energy consumption makes up 80% and chemical consumption makes up 65% of the total.

China is currently facing serious water and air pollution problems. Following different sectors of the textile industry moving into other countries, large numbers of jobs from the cut and sew of the garment production processes have left China. However the heavily polluting dyeing and finishing sector remains in China and has a huge impact on China's environment. To meet this challenge, the dyeing and finishing industry needs to strengthen its environmental management, promote water and energy savings and reduce pollutant emissions. However, in China, environmental supervision is weak and litigation is difficult, leading to the cost of violation being cheaper than the cost of compliance. The cost of resources like water is also very low. This means that dyeing and finishing companies commonly skip implementing water or energy savings and make no effort to reduce pollutant discharge.

Faced with this situation, the Chinese government and Chinese society need to strengthen supervision. International and domestic brand name companies that purchase huge volumes from these printing and dyeing enterprises also have a responsibility to strengthen their supply chain management and prevent their outsourced production from harming China's environment and communities. So, how have these brands performed?

3. International Brands need to urgently Strengthen the Management of their Main Materials Suppliers

3.1 Supply Chain Management Performance of the 49 Apparel Brands

In April 2012, after carrying out research, the Green Choice Alliance NGOs contacted a total of 49 Chinese and foreign apparel brands.⁷ We asked them whether they understood the environmental performance of the suppliers, including those carrying out dyeing and finishing in their supply chain. Since then, 30 companies have entered into a dialogue with us.

In order to specifically understand the environmental management practices each brand has for their dyeing and finishing suppliers, the Green Choice Alliance, on September 25th 2012, sent a letter to 49 brands in the hope that they could explain some of the management issues at their materials suppliers. As of October 7th, 2012, 17 companies had replied.

⁷ When the original letters were sent out no violation cases were found for Burberry or Esquel. They were merely sent letters informing them of the release of the report. Since the release of the report Ikea and VF have been added to the chart and Cotton Inc has been removed making a current total of 49 brands.

	Company Name	Replied to NGO Letter	Checked the Purpose of the Study	Checks on Supplier Violation Cases		Use of Public Information to Enhance Supply Chain Management		Push for Suppliers to Make Corrective Action & Disclose Information		Further Extension of Environmental Management into the Supply Chain	
				Performed Initial Checks	Performed In-depth Checks	Considered Establishing a Search Mechanism	Established a Search Mechanism	Corrective Action & Explanation	Regular Disclosure of Discharge Data	Directly Extended to Main Materials Suppliers	Pushing Tier 1 Suppliers to Manage Tier 2
1	H&M	✓	✓	✓	✓	✓	✓	✓	✓	✓	x
2	Nike	✓	✓	✓	✓	✓	✓	✓	x	✓	✓
3	Esquel	✓	✓	✓	✓	✓	✓	✓	x	✓	x
4	Levi's	✓	✓	✓	✓	✓	✓	✓	x	✓	x
5	Adidas	✓	✓	✓	✓	✓	✓	✓	x	✓	x
6	Burberry	✓	✓	✓	✓	✓	✓	✓	x	✓	x
7	Walmart	✓	✓	✓	✓	✓	✓	✓	x	x	x
8	Gap	✓	✓	✓	✓	✓	✓	✓	x	x	x
9	Reebok	✓	✓	✓	✓	✓	✓	✓	x	x	x
10	Esprit	✓	✓	✓	✓	✓	x	x	x	x	x
11	Ikea	✓	✓	✓	✓	✓	x	x	x	x	x
12	Converse	✓	✓	✓	x	✓	x	x	x	x	x
13	Mizuno Corporation	✓	x	✓	✓	✓	x	x	x	x	x
14	C&A	✓	✓	✓	✓	✓	x	x	x	x	x
15	Li Ning	✓	✓	✓	✓	✓	x	x	x	x	x
16	VF	✓	✓	✓	x	✓	x	x	x	x	x
17	Lee Jeans	✓	✓	✓	x	✓	x	x	x	x	x
18	Lafuma	✓	✓	✓	✓	✓	x	x	x	x	x
19	Zara	✓	x	✓	✓	✓	x	x	x	x	x
20	Target	✓	x	✓	✓	✓	x	x	x	x	x
21	Tesco	✓	x	✓	✓	x	x	x	x	x	x
22	Uniqlo	✓	x	✓	✓	x	x	x	x	x	x
23	Puma	✓	x	✓	x	x	x	x	x	x	x
24	Lotto	✓	x	✓	x	x	x	x	x	x	x
25	Ann Taylor	✓	x	✓	x	x	x	x	x	x	x
26	United Colours of Benetton	✓	x	✓	x	x	x	x	x	x	x
27	Liz Claiborne name changed to Fifth and Pacific	✓	x	x	x	x	x	x	x	x	x
28	Next	✓	x	x	x	x	x	x	x	x	x

29	Marks and Spencer	✓	x	x	x	x	x	x	x	x	x	x
30	Disney	✓	x	x	x	x	x	x	x	x	x	x
31	Polo Ralph Lauren	x	x	x	x	x	x	x	x	x	x	x
32	Abercrombie & Fitch	x	x	x	x	x	x	x	x	x	x	x
33	Tommy Hilfiger	x	x	x	x	x	x	x	x	x	x	x
34	361 Degrees	x	x	x	x	x	x	x	x	x	x	x
35	Kappa	x	x	x	x	x	x	x	x	x	x	x
36	Guess	x	x	x	x	x	x	x	x	x	x	x
37	Youngor	x	x	x	x	x	x	x	x	x	x	x
38	Sears-Roebuck & Co.	x	x	x	x	x	x	x	x	x	x	x
39	Anta	x	x	x	x	x	x	x	x	x	x	x
40	Cortefiel	x	x	x	x	x	x	x	x	x	x	x
41	DKNY	x	x	x	x	x	x	x	x	x	x	x
42	Victoria's Secret	x	x	x	x	x	x	x	x	x	x	x
43	Macy's	x	x	x	x	x	x	x	x	x	x	x
44	Kmart	x	x	x	x	x	x	x	x	x	x	x
45	J.C. Penney	x	x	x	x	x	x	x	x	x	x	x
46	Giordano	x	x	x	x	x	x	x	x	x	x	x
47	Calvin Klein	x	x	x	x	x	x	x	x	x	x	x
48	Armani	x	x	x	x	x	x	x	x	x	x	x
49	Carrefour	x	x	x	x	x	x	x	x	x	x	x

Figure 1: Brand Assessment Chart (Phase II)

From the brand assessment chart we can see that 17 brands including H&M, Nike, Walmart, Levi's, Adidas, Burberry and Gap have not only responded but have started to investigate specific polluting supplier problems, established a search mechanism and have pro-actively identified pollution problems in their supply chain.

Rank	Brand Name	Status
1	H&M	Positive
2	Nike	Positive
3	Esquel	Positive
4	Levi's	Positive
5	Adidas	Positive
6	Burberry	Positive
7	Walmart	Positive
8	Gap	Positive
9	Reebok	Positive
10	Esprit	Positive
11	Ikea	Positive
12	Converse	Positive
13	Mizuno	Positive
14	C&A	Positive

15	Lining	Positive
16	VF	Positive
17	Lee Jeans	Positive

Figure 2: Brands rated as Positive

Rank	Brand Name	Status
18	Lafuma	Neutral
19	Zara	Neutral
20	Target	Neutral
21	Tesco	Neutral
22	Uniqlo	Neutral
23	Puma	Neutral
24	Lotto	Neutral
25	Ann Taylor	Neutral
26	United Colors of Benetton	Neutral
27	Fifth and Pacific	Neutral

Figure 3: Brands rated as Neutral

10 companies including Lafuma、Target、Tesco、Zara, Uniqlo, Puma are now rated neutral.

However, there are 22 brands in the chart that are rated negative. Amongst these 19 have provided no response at all and three have provided a very limited response.

Ranking	Brand Name	Status
28	Next	Negative
29	Marks and Spencer	Negative
30	Disney	Negative
31	Polo Ralph Lauren	Negative
32	Abercrombie & Fitch	Negative
33	Tommy Hilfiger	Negative
34	361	Negative
35	Kappa	Negative
36	Guess	Negative
37	Youngor	Negative
38	Sears	Negative
39	ANTA	Negative
40	Cortefiel	Negative
41	DKNY	Negative
42	Victoria's Secret	Negative
43	Macy's	Negative
44	Kmart	Negative
45	J.C. Penney	Negative

46	Giordano	Negative
47	Calvin Klein	Negative
48	Armani	Negative
49	Carrefour	Negative

Figure 4: Brands Rated as Negative

3.2 Lack of management harms the environment and communities

From the evaluation form we can see that from the 11 brands' material supplier management, only Nike, Esquel, Disney, H&M, Levi's, Burberry and six other brand names have started environmental management of their printing and dyeing suppliers and the other brands still need to extend their management into this sector..

Amongst the brands that have only given us a limited response or have not responded at all, there is no lack of lofty promises from companies like Marks & Spencer (M&S), Disney, Polo Ralph Lauren, Tommy Hilfiger and J.C. Penney on environmental protection. The shortcomings in their environmental management mean that these polluting companies reduce their environmental operating costs in order to win orders, which in turn harms China's environment and communities.

Negative Case Study 1: Marks & Spencer

Britain's biggest multinational retail group, Marks and Spencer, was established over 100 years ago. Over the past 128 years Marks & Spencer has grown from a small shop to a large multiple channel international retailer. They have set up 1,100 shops in 40 countries and areas around the world and have over 81,000 employees.⁸

Over the past few years, because they have been pushing their Plan A, Marks & Spencer has become the shining green star amongst global retailers. Plan A was launched by Marks & Spencer in 2007 and included 100 commitments to tackle environmental, social and animal welfare issues. The commitments covered issues across Marks and Spencer's own operations as well as their supply chain and the use of products in the consumer's home. On June 7th 2012, Marks & Spencer issued a press release that stated that in their 2012 "How we do Business" report they confirmed the following Plan A commitments had been achieved:⁹

- M&S is the first major retailer to become carbon neutral.
- M&S now recycles 100 per cent of its waste, nothing goes to landfill.

⁸http://annualreport.marksandspencer.com/_assets/downloads/Marks-and-Spencer-Annual-report-and-financial-statements-2012.pdf

⁹<http://corporate.marksandspencer.com/page.aspx?pointerid=be14159d64504f1bab70e5d908dda47a>

The press release quoted Marc Bolland, Chief Executive of Marks & Spencer, as saying:

“Moving forward we will continue to engage customers in sustainable consumption, as we have with our Shwopping initiative, the first cradle to cradle clothes retailing business model. We remain as committed to Plan A as we have ever been. It is an essential part of our DNA and fundamental to our plans to become an international, multi-channel retailer.”

And, “Over five million customers have taken part in Plan A activities, including customers who have shwopped – donated an unwanted item of clothing when buying a new one, to be re-used.” M&S has won over 100 sustainable development awards for this Plan A commitment including the Responsible Retailer of the Year at last year's Oracle World Retail Awards and the Queen's Award for Enterprise for Sustainable Development.

Plan A's concept and achievements deserve praise but when M&S's Chairman pronounces that the Shwopping initiative is “the first cradle to cradle clothes retailing business model” he perhaps is not taking into account the most seriously polluting processes of textile production. M&S procure large volumes from China and the production of these textile products consumes amounts of water and energy and also results in the discharge of a large amount of pollutants.

As one of the world's major clothing retailers, M&S definitely understands that they do not have rigorous management of their dyeing and finishing supply chain, which means that there is a huge hole in their “cradle to cradle” business model. However, when confronted with specific questions from environmental NGOs about dyeing and finishing suppliers with pollution discharge violations, M&S have not responded with the enthusiasm that they reserve for press releases to western consumers, and in fact have provided a very limited response.

- On March 22nd 2012, we sent a letter to M&S hoping that they could clarify the situation at some of their suspected suppliers with violations. At the same time we encouraged M&S to carry out environmental management of their supply chain. M&S did not respond.
- On April 9th 2012, we released the Phase I Textile Industry Report “Cleaning up the Fashion Industry” and sent the report to M&S. On April 15th 2012 M&S responded saying that they had not received our letter.
- On April 15th 2012, once again sent the letter and on April 30th M&S replied saying “Naturally we take all communications from external organizations (such as yours) about our suppliers seriously, and carry out checks to verify any concerns that may be raised, so these may be addressed as required)”.¹⁰

¹⁰ On May 4, 2012, the NGO groups sent the letter again, expressing that currently China's environmental information disclosure has made significant progress, and that we hope that Marks & Spencer can use this public government environmental data to begin supply chain management. Following this, Marks & Spencer contacted IPE and plans were made to hold a conference call meeting. However the conference call was cancelled last minute.

There is no way of confirming whether or not Marks & Spencer really resolved the problems that they said “may be addressed as required” so we decided to do further investigations into the suspected suppliers that were included in the Phase I report, as well further investigating those suspected suppliers that were newly discovered.

Suspected Supplier 1 – The Hong Kong Qingye Group

The Hong Kong Qingye Group does business across the globe. They mainly sell high quality materials for clothing in forms of 100% cotton and elastic fabric, corduroy, velvet, hemp, nylon and Lyocell. The Hong Kong Qingye Group has two manufacturing bases, the original is Zhejiang Qingfeng which is in Xiaoshan, Zhejiang province and the other is Zhejiang Qingmao which is in Shaoxing. Both of the factories have pollution records in the Pollution Map Database. From publically available information we can see that Qingye Group makes material for brands like Marks and Spencer.¹¹

a) Zhejiang Qingmao Textile Printing and Dyeing Co., Ltd.

Zhejiang Qingmao Textile Printing and Dyeing Co., Ltd. is located in Shaoxing City’s Paojiang Industrial Zone. On the official Paojiang Economic and Technological Development Zone website, M&S is first in a list of brands buying from the company.



National Shaoxing Paojiang Economic and Technological Development Zone Website

¹¹ Global Textiles Network. This website states that: The information above was provided by the company themselves and they are solely responsible for the authenticity, validity and accuracy of the contents. On the Global Textiles Website we saw that Qingye Group has a business relationship making material for brands such as GUESS, GAP, LEVI'S, HU GO, ESPRIT, POLO, TRIBAL, SAG HARBOR, HEMA, WAL-MART, ITOCHU and YOUNGER.

During our desk research we discovered that since the factory went into production in October 2003, Zhejiang Qingmao Textile Printing and Dyeing Co., Ltd's wastewater tanks and waste gas treatment problems have repeatedly met with complaints from the local population:

- In March 2010, a large volume of bacteria in the wastewater pool were killed due to improper use by the factory. In addition to this, the waste gas collection and incinerating equipment for the company's wastewater treatment plant was still under construction which meant that a large amount of noxious fumes have leaked, which had a serious impact on the local residents. In the same month, Shaoxing Municipal EPB posted an "Order of Reform Notice," requiring that before March 20th, the company must resume the normal operations of the wastewater treatment facilities. At the same time, the company was also required to improve the running of the waste gas collection facilities on the wastewater tanks and ensure that waste gas discharge met the relevant standards. The company had to also adopt emergency deodorizing measures to temporarily suppress the problem. When May came around, the waste gas collection equipment for the company's wastewater treatment tanks was still not complete and waste gas pollution incidents were still regularly occurring. These severely polluted the environment and have caused the public to petition the authorities on many occasions.
- On June 13th, 2010, the Shaoxing Municipal EPB received a complaint from a resident. The complaint stated that, "The toxic gas and wastewater that Zhejiang Qingmao Textile Printing and Dyeing Co., Ltd. that has been discharging has had a huge effect on the local residents' quality of life. In the evenings, the sky is enveloped in a haze of toxic gas."¹²
- Complaints about Qingmao Textile Printing and Dyeing have also been posted on the Shaoxing online forum. A netizen called "Shaoxing Shiye Zushi" posted a message on June 6th, 2011 stating that "Zhejinag Qingmao Textile Printing and Dyeing Co., Ltd's wastewater treatments tanks often give off toxic, stinking fumes at night." Netizen "Chendia" left a message in August 2011 that stated, "Recently in the evenings there has been a terrible smell, it's a really toxic smell, even if you close the doors and the windows. How we can we be expected to live in an environment like this? "

In September 2012, environmental NGOs conducted an on-site investigation. Staff from Wenzhou Green Eyes and the IPE were led by local volunteers to Tangtou Village in Doumen Town. Tangtou village is very close to Qingmao with just a river separating them.

¹² Please see: http://www.ipe.org.cn/pollution/com_detail.aspx?id=672547



There is just this river separating Tangtou Village and Qingmao. The water in the river is extremely polluted.

On hearing that a group of non-locals had come to try and understand the pollution problems at Qingmao, more than 20 residents gathered together and approached to explain the pollution situation at Qingmao. They pointed to a chimney in the distance discharging emissions and explained that “there is a terrible smell every day” and “when the smell is really bad lots of kids have nosebleeds and feel dizzy.”

Ms. Lu, a resident in the village, said, “When it rains Qingmao discharges black liquid into the river. One time they did this the whole river was black. It rained last Friday and they did it again so I took some pictures.” Ms. Lu then gave us the photos that she had taken on her phone. The Qingmao factory buildings can be seen in the background with a strip of black water coming from the discharge outlet outside the wall.



Black water coming from the discharge outlet from the wall.

The residents feel that the waste gas emissions from Qingmao have had a serious effect on their health. One of the residents said, “We can’t stand it, it’s killed so many people. So many people

have died from lung cancer.”



In September 2012, on hearing that we wanted to find out about Qingmao residents all crowded round to let us know what the situation was like.

The villagers stated that they had been in communication with Qingmao but those who had been to Qingmao had been beaten up. The villagers also stated that they had complained to the Shaoxing Municipal and Provincial EPBs. Afterwards the company made some improvements but the fundamental problem remained unresolved.

Local residents have already tried to get large brands to get Qingmao to make improvements. The netizen “Shaoxing Shiye Zushi” suggested in his complaint that he posted that, “We can only send a joint complaint letter to Qingmao’s customers. Qingmao’s customers include Guess, Gap, Levi’s, Hugo, Esprit, Polo, Tribal, Sag Harbor, Hema, Marks and Spencer, Walmart, Itochu, Younger. I’ve heard that Ann Taylor has placed a lot of orders here so we should start with them and see we can reduce Qingmao’s orders.”



During our onsite investigation we were unable to find the netizen “Shaoxing Shiye Zushi”.

However, villagers from Tangtou also said that they also know that Qingmao sells to large brands. They can't stand it anymore and hope that these large brand buyer companies can help push Qingmao into making improvements.

b) Zhejiang Qingfeng Textile Printing and Dyeing Company Ltd.¹³

Zhejiang Qingfeng Textile Printing and Dyeing Co., Ltd. is located in the Xiaoshan Economic and Technological Development Zone and like Qingmao it is also a subsidiary of the Hong Kong Qingye Group. According to the records kept in the Pollution Map Database, Zhejiang Qingfeng Textile Printing and Dyeing Company (hereafter referred to as Zhejiang Qingfeng) were put on a list of 83 printing and dyeing chemical companies in Xiaoshan district put under supervision by the Xiaoshan Government. In the same year, Zhejiang Qingfeng was rated as yellow by the Hangzhou EPB. In 2010, Zhejiang Qingfeng was rated as red by the Hangzhou EPB and in 2011, Hangzhou Qingfeng was once again rated yellow by the Hangzhou EPB.¹⁴

From our desk research we discovered that residents had complained numerous times about pollution from this company:

- From the bureau chief mailbox column of the Hangzhou Municipal EPB website we saw that in 2011 a resident made a complaint in which they said, "After our company moved to Xiaoshan Development Zone, from time to time there is a disgusting acidic smell that comes into the office through the windows from outside. It is worse when we are coming to and leaving work and is especially bad when it's raining or windy. The disgusting smell even gives people nauseating headaches. Pregnant members of staff in the office are particularly scared of this. Recently, this acidic smell has got even stronger and as soon as we get off the bus in the morning we can smell it."¹⁵ In a reply to the residents the local EPB confirmed that "Qingfeng Printing and Dyeing's setting machine is the main source of the odor."¹⁶
- On June 18, 2012, a resident, who was about to become a father, posted a notice titled, "Serious Complaint Regarding the Regular Discharge of Noxious Acidic Gasses from Zhejiang Qingfeng Textile Printing and Dyeing Co., Ltd. at No. 17 Ningdong Road, Xiaoshan Economic and Technological Development Zone." It stated, "Since I started living in this community four years ago this printing and dyeing factory has been sporadically emitting noxious acidic gasses. When it is more frequent it is about 3-4 times per week but usually 1-2 times per week and occasionally once every 10 or more days. Each time they emit the gasses it is for more than 6-8 hours and mostly at night (20:00 – 02:00, 03:00). They also occasionally emit during the day. The gas is acidic and stings the nose and we cannot stand to smell it for a long time. The only thing we can do is immediately close all the windows in the house or go

¹³ In September 2011, Zhejiang Qingfeng's customer Adidas required the supplier to contact the NGOs to explain their 2009 and 2010 environmental supervision record. However, issues surrounding the 2011 record and complaints from local residents have not been resolved.

¹⁴ http://www.ipe.org.cn/pollution/com_detail.aspx?id=686091

¹⁵ See: http://www.ipe.org.cn/pollution/com_detail.aspx?id=686091

¹⁶ Please see: http://www.ipe.org.cn/pollution/com_detail.aspx?id=686091

out. Recently and especially June 15th, 16th and 17th this company has been discharging this poisonous gas from eight in the evening until the early morning, meaning that on the one hand we cannot open any of the windows and on the other hand breathing in this poisonous gas makes us cough, gives us sore throats, chest pains and palpitations and also asthma attacks. This has a huge impact on the quality of our lives. In just over a month my baby will be born and as a father I won't be able to tolerate my child growing up in this kind of environment.”¹⁷

In September 2012, environmental NGOs went twice to Xiaoshan in Zhejiang to carry out investigations into the pollution problems at Qingfeng. During the investigation on September 10th, staff from Wenzhou Green Eyes and the IPE, on the opposite side of the “Black Colored River” to Qingfeng met an elderly street cleaner. Every day he cleans the street in this area and he said that the “Murky Black River” flows directly into the Qiangtang River. When the river level goes down it is possible to see the large discharge pipe from Qingfeng directly discharging into the river. Sometimes when the discharge volume is very large it is possible to see white foam forming.



Only a wall separates Zhejiang Qingfeng's eastern border and Tianchen International

¹⁷ See: <http://218.108.6.120/EBCM/xftsMgr/xfhf/detailList.aspx?ID=7d42386e-2234-48be-8a77-0095d36d71dd>



Google Earth view of Zhejiang Qingfeng and the surrounding area

There is only a wall separating Tianchen International and Qingfeng's eastern side. The residents stated that many of them had already been communicating with Qingfeng and any have also complained to the local EPB or the Mayor's office yet the problem has not been resolved. During the heavy summer rains this year the residents witnessed the storm water drain on the road from Qingfeng discharging "black water as dark as ink". According to a statement from Mr. Lu who is a resident, during three party talks between residents, the EPB and Qingfeng, Qingfeng admitted that when its wastewater tanks were full it discharges through the storm water outlet.



Hearing that environmental organizations were in the area looking into pollution problems at Qingfeng, locals gathered around to respond to questions. Even late into the night they still had

not left.

In Tianchen International we met Mr. Lu who had posted the, “Serious Complaint Regarding the Regular Discharge of Noxious Acidic Gasses from Zhejiang Qingfeng Textile Printing and Dyeing Co., Ltd. at No. 17 Ningdong Road, Xiaoshan Economic and Technological Development Zone.” Mr. Lu said that the smell is still really strong. As he has recently become a father his biggest worry is the health of his child.

The acidic smell coming from Qingfeng has also disturbed other residents. One of the residents, Grand-pa Fei moved to Tianchen International over four years ago and a few months ago found out he had developed lung cancer. In his house we met Grand-pa Fei who had only been out of hospital for three months after having surgery. Grand-pa Fei said that he regularly smelt an acidic smell and in the evenings it was even stronger. Now he does not dare open the window and he has bought an air purifier for the house. Grand-pa Fei’s daughter in law is now pregnant and because of the air pollution problems his family is very worried about his health and the health of the children.



One of the residents Grandpa Fei telling us about how he regularly smells an “acidic” smell. When we asked Grand-pa Fei what he would say to Qingfeng if he had the opportunity to speak to them he thought about it and said, “He [the CEO of M&S] didn’t know what the situation at the printing and dyeing factory was like so ordering from them was reasonable. Now that he understands how the factory is actually affecting us local people like me I’ve already become sick. If after he knows about this, I hope he can think of the people and in this kind of environment not place any more orders. In this way he will really be helping us local people’s health and doing us a good deed. This would be even better than going to worship and donate money to Buddha.”

Suspected Supplier 2: Zhejiang Hangmin Stock Co., Ltd.

Zhejiang Hangmin Stock Co., Ltd. was established in January 1998 in the Eastern Hangmin Industrial Park in Xiaoshan, Hangzhou. It is an extremely large textile enterprise with many subsidiary dyeing and finishing companies. According to publically available information Zhejiang Hangmin Stock Co., Ltd. is a suspected supplier to M&S.



Zhejiang Hangmin Stock Co., Ltd's website shows that the company has a number of branch and holding companies



"The workshop keeps long-term cooperative relations with Wal-Mart (USA) and Marks & Spencer (UK), the biggest retailers in the world."

Screenshot of Zhejiang Hangmin Stock Co., Ltd's website.

According to publically available information, Zhejiang Hangmin Stock Co., Ltd. has a number of

subsidiary companies with pollution records.

● **Zhejiang Hangmin Stock Co., Ltd. Printing and Dyeing Branch**

- a) Rated as yellow in the 2008 Hangzhou Key Industry Environmental Performance Ratings.
- b) Listed as one of 83 Dyeing Chemical Companies in 2009 required to carry out corrective actions.
- c) In 2010 sulfur dioxide discharge was over the authorized limit and the finishing workshop was full of smoke. The SO₂ monitoring result was 490mg/m³; conversion value: 1298mg/m³; standard: 400mg/m³.

● **Zhejiang Hangmin Stock Co., Ltd.**

- a) In 2005, because they had records for twice deliberately misusing the water treatment facilities, they were included on the Hangzhou Environmental Protection System Jan-Sep list of companies receiving administrative penalties.¹⁸
- b) In 2007 they were included on the 2007 Zhejiang Province List of companies to undergo mandatory clean production audits.¹⁹
- c) Rated as yellow in the 2008 Hangzhou Key Industry Environmental Performance Ratings.²⁰
- d) Listed as one of 83 Dyeing Chemical Companies in 2009 required to carry out corrective actions. The requirements included the following to be carried out before a set deadline: install a waste gas collecting unit on the finishing machine, install sulfur removal facilities, start recycling grey water, carry out a clean production audit and install on-line monitoring equipment.²¹
- e) A daily monitoring report from 2012 showed that the No.1 discharge outlet had a COD reading of 1435.0mg/L.²²

● **Zhejiang Hangmin Stock Co., Ltd. Thermal Electricity Branch**

Rated as yellow in the 2008 Hangzhou key industries environmental performance rating.²³

● **Zhejiang Hangmin Stock Co., Ltd. Qianjiang Thermal Electricity Branch**

Rated as yellow in the 2008 Hangzhou key industries environmental performance rating.²⁴

¹⁸ Hangzhou EPB System 2005 January through September Administrative Punishments, Hangzhou Municipal EPB.

¹⁹ Regarding the 2007 Annual Zhejiang Municipal Enterprise List of Clean Production Processes Verification Notice, ZheHuanfa[2007]No.40, Zhejiang Province EPE, Zhejiang Province Economic Trade Committee 2007-05-18.

²⁰ Regarding the publication of the Hangzhou Municipal 2008 Annual Critical Enterprise Environmental Behavior Credit Ranking Results Notice, Hangzhou Municipal EPB, 2009-05-31.

²¹ Xiaoshan Region (Xiaoshan) Dyeing and Printing Chemical Industry Pollution Restoration Case Study, Xiaoshan Area Local Government, January 13, 2009.

²² Zhejiang Province Pollution Sources Online Monitoring Daily Report February 13, 2012. Wastewater Monitoring Daily Report, Zhejiang Province Environmental Protection Office February 14, 2012.

²³ Regarding the publishing of the Hangzhou Municipal 2008 Annual Critical Enterprise Environmental Behavior Credit Rankings Categories and Results Notice, Hangzhou Municipal EPB, 2009-05-31.

²⁴ Regarding the publication of the Hangzhou Municipal 2008 Annual Critical Enterprise Environmental Behavior

- **Zhejiang Hangmin Stock Co., Ltd. Qianjiang Thermal Electricity Co-production**

Rated as yellow in the 2007 Hangzhou key industries environmental performance rating.²⁵

- **Hangzhou Hangmin Meishida Printing and Dyeing Co., Ltd.**

- a) Rated as yellow in the 2008 Hangzhou key industries environmental performance rating.²⁶
- b) Listed as one of 83 Dyeing Chemical Companies in 2009 required to carry out corrective actions. The requirements included the following to be carried out before a set deadline: install a waste gas collecting unit on the finishing machine, install sulfur removal facilities, start recycling grey water.²⁷
- c) Rated as yellow in the 2010 Hangzhou key industries environmental performance rating.²⁸

- **Hangzhou Hangmin Damei Printing and Dyeing Co., Ltd.**

- a) In 2010, because of abnormal use of the atmospheric pollutant treatment facilities they were included in a special daily bulletin on atmospheric pollutant enforcement.²⁹
- b) Rated as yellow in the 2011 Hangzhou key industries environmental performance rating.³⁰

- **Zhejiang Hangmin Ke'er Textile Co., Ltd.**

Rated as yellow in the 2011 Hangzhou key industries environmental performance rating.³¹

- **Hangzhou Hangmin Thermal Electricity Co., Ltd.**

- a) The Hangzhou key enterprise environmental performance rating summary form showed that this company was rated as yellow in the 2007 Hangzhou key industries environmental performance rating.
- b) In the 2007 Hangzhou key enterprise environmental rating results, Hangzhou EPB, 04-15-2008.
- c) In the 2008 Hangzhou key enterprise environmental rating results, Hangzhou EPB, 04-15-2009.

Credit Ranking Results Notice, Hangzhou Municipal EPB, 2009-05-31.

²⁵ Hangzhou Municipal 2007 Annual Critical Enterprise Environmental Behavior Credit Ranking Result Announcement, Hangzhou Municipal EPB 2008-04-15

²⁶ Regarding the publication of the Hangzhou Municipal 2008 Annual Critical Enterprise Environmental Behavior Credit Ranking Results Notice, Hangzhou Municipal EPB, 2009-05-31.

²⁷ Xiaoshan Region (Xiaoshan) Dyeing and Printing Chemical Industry Pollution Restoration Case Study, Xiaoshan Area Local Government, January 13, 2009.

²⁸ Regarding the publishing of the Hangzhou Municipal 2010 Annual Critical Enterprise Environmental Behavior Credit Ranking Results Notice, Hangzhou Municipal EPB, June 21, 2011.

²⁹ Air Pollution Special Legal Bulletin, Hangzhou Municipal EPB December 19, 2010.

³⁰ Hangzhou Municipal 2011 Annual Critical Enterprise Environmental Behavior Credit Ranking Results Notice, Hangzhou Municipal EPB, June 25, 2012

³¹ Hangzhou Municipal 2011 Annual Critical Enterprise Environmental Behavior Credit Ranking Results Notice, Hangzhou Municipal EPB, June 25, 2012

At the end of September 2012, the environmental NGO, Wenzhou Green Eyes, did an onsite inspection outside Zhejiang Hangmin. At the entrance to the Hangmin Printing and Dyeing Branch staff from the NGO smelt an incredibly noxious smell.

At the same time the staff members also discovered that the river opposite the entrance from Hangmin Printing and Dyeing was seriously polluted. The water in the river was a dark green color and when stepping into the river there was an acidic smell.



The river opposite the main door of Hangmin Printing and Dyeing is seriously polluted.

At a spot about 1000m down Hangmin's south west side the NGO also found a drainage channel. The water in the channel was a dark green color and the walls of the channel were also stained. The color was not from green algae but was the color of a green dye pigment.



Discharge channel colored dark green

Records of violation from other suspected suppliers to Marks & Spencer

- **Docotex (suzhou) Co., Ltd.**

- a) In 2009, Decotex (Suzhou) Co., Ltd. was ranked as a yellow polluting enterprise due to it exceeding emissions of COD and SO₂.³²
- b) In 2010, the company discharged water pollutants to avoid supervision and was ranked as a yellow polluting enterprise.
- c) In 2011, the company was ranked as a red polluting enterprise.³³

- **Xinhuitong (Huizhou) Knitted Garment Manufacturing Co., Ltd.**

In 2011, Xinhuitong (Huizhou) Knitted Garment Manufacturing Co., Ltd. was given an administrative penalty due to its violation of the eighteenth article of the Guangdong Provincial Environmental Protection Regulation.

- **Weijun (Jiangsu) Textile and Dyeing Co., Ltd.**

- a) In 2008, according to the sample analysis from district environmental monitoring station and the Wuzhong District environmental monitoring group inspection status, the company's COD emission failed to reach the new standard (DB32/T1072-2007).³⁴

³² Source: Corporation Environmental Behavior of information disclosure , 2008, Environmental Protection Bureau, Wujiang

³³ Source: Corporation Environmental Behavior of information disclosure , 2011, Environmental Protection Bureau, Wujiang

³⁴ On Straight sewage treatment plant of thirty units to implement the deadline governance decisions, No. [2008]62, People's government, Wuzhong district, Suzhou

-
- a) In 2010, the company was ranked as a yellow polluting enterprise³⁵
 - b) In 2011, the company was ranked as a yellow polluting enterprise³⁶

- **Mozartex**

- a) In 2006, the company was ranked as a yellow polluting enterprise³⁷
 - b) In 2007, the company's polluting and standard exceeding behavior violated the 2nd point of the 18th article in the 3rd chapter of the 'Wuxi city urban drainage management regulations'. The company was penalized by 3,000 RMB.³⁸
 - c) In 2008, the company was ranked as a yellow polluting enterprise.³⁹
 - d) In 2011, the company was included on a list of companies with administrative penalties.

- **Jiayu (Huizhou) Garment Factory**

In 2011, the factory was given a 40,000 RMB penalty due to its violation of the 18th article of the 'Guangdong Province Environmental Protection Regulations.'⁴⁰

- **Hutai (Guangzhou) Textile and Dyeing Co. Ltd.**

- a) In 2008, suspended solids concentration in industrial waste water exceeded the 'Guangdong Province water pollutant emission standard' (DB4426-2001).⁴¹
 - b) In 2009, the company's operations were overseen by the Guangdong Environmental Protection Bureau due to serious environmental problem.⁴²

- **Dalifu (Hangzhou) Silk dyeing and finishing Co., Ltd.**

In 2009, the company was ranked as a yellow enterprise in the environmental performance rating.⁴³

- **Huaxing (Hangzhou) Dyeing Co., Ltd.**

³⁵ Suzhou Corporation Environmental Behavior of information disclosure, 2010, Environmental Protection Bureau, Suzhou

³⁶ Suzhou Corporation Environmental Behavior of information disclosure, 2011, Environmental Protection Bureau, Suzhou

³⁷ Corporation Environmental Behavior of information disclosure, 2006-2007, Environmental Protection Bureau, Wuxi

³⁸ No.0034 Wuxi administrative document, Wuxi municipal government information network

³⁹ Corporation Environmental Behavior of information disclosure, 2008.4-2009.3, Environmental Protection Bureau, Wuxi

⁴⁰ The first half of 2011 list of administrative punishment cases, Environmental Protection Bureau, Huizhou

⁴¹ http://www.ipe.org.cn/En/pollution/com_detail.aspx?id=614545

⁴² http://www.ipe.org.cn/En/pollution/com_detail.aspx?id=604852

⁴³ http://www.ipe.org.cn/En/pollution/com_detail.aspx?id=649012

In 2010, the company was ranked as a yellow enterprise on Hangzhou's corporate environmental behavior credit rating.⁴⁴

- **Jijin (Hangzhou)Dyeing Co., Ltd.**

In 2010, the company was listed in the 10 typical environmental violation cases by Hangzhou Environmental Protection Bureau.⁴⁵

- **Zhongfang (Hangzhou) Dyeing Co., Ltd.**

In 2004, the company caused serious pollution to water in the Qiantang River.⁴⁶ In 2009, the company was included in a list of 83 dyeing chemical companies that needed to implement improvements.⁴⁷

- **Taroko Shangdong Dyeing Co., Ltd.**

In 2009, COD emissions exceeded the authorized standard.⁴⁸

- **Hexing (Zhongshan) Textile Printing and Dyeing Mill**

In 2010, the company was ranked as a yellow enterprise on the corporate environmental behavior credit rating.⁴⁹

- **Chiao Kuang Texile Company Limited**

In 2010, the company was ranked as a red enterprise on the corporate environmental behavior credit rating.⁵⁰

Negative Case Study 2: Disney

Disney, or The Walt Disney Company is a multi-national corporation headquartered in Burbank in the United States. Today's Disney is far removed from just being a company producing animated films. There are now Disney watches, Disney accessories, Disney clothes for young girls, Disney bags and cases, Disney home furniture and Disney electronic goods. Amongst these Disney clothes are an important part.

On their website, Disney states that "Disney supports the ethical production of Disney branded merchandise through programs focused on safety, labor, and the environment."

⁴⁴ http://www.ipe.org.cn/pollution/com_detail.aspx?id=659497

⁴⁵ http://www.ipe.org.cn/pollution/com_detail.aspx?id=657216

⁴⁶ http://www.ipe.org.cn/En/pollution/com_detail.aspx?id=593112

⁴⁷ http://www.ipe.org.cn/En/pollution/com_detail.aspx?id=656947

⁴⁸ http://www.ipe.org.cn/En/pollution/com_detail.aspx?id=613435

⁴⁹ http://www.ipe.org.cn/En/pollution/com_detail.aspx?id=657061

⁵⁰ http://www.ipe.org.cn/En/pollution/com_detail.aspx?id=657094

However, in reality what does Disney actually do? During our investigations we discovered that a number of suppliers to Disney had environmental supervision records. Amongst these cases was Shanghai YCC.

Suspected Supplier 1 – Hytex (please see section 3.3)

Suspected Supplier 2: Shanghai YCC Co., Ltd.

Shanghai YCC was established in 1995 and currently has seven factories around the country. From publically available information we can see that this company is also one of Disney's suppliers.⁵¹

From Shanghai YCC's bilingual English and Chinese website we saw that they "are the fastest growing zipper company in the world" and they also state that, "our manufacturing abilities and our innovative products make us leaders in our industry." In the process of continually expanding their production capacities, in the three years of 2005, 2007 and 2011 the company was one of the enterprises who had violations and were investigated by the Shanghai Environmental Protection Bureau. On March 22nd 2005, boiler smoke emission concentration was 480 mg/cubic meter, exceeding the "boiler atmospheric pollutant emission standards" of 250 mg/cubic meter. This polluted the environment and the company was ordered to take corrective actions within a set deadline. In the same year they "exceeded pollutant emission discharge standards" and so were entered into the "Second Shanghai Environmental Protection Bureau system of violating enterprises under investigation."⁵² In 2007 and 2011, YCC again "exceeded the national discharge standards for pollutant atmospheric emissions," and were entered into the "Shanghai Environmental Protection Bureau system of violating enterprises that are being investigated."⁵³

During our investigation, we discovered that YCC is actually the supplier to many large brand name companies including Disney.⁵⁴

⁵¹ During our investigation we discovered that Shanghai YCC is a supplier of zippers to a number of large scale brands including Decathlon, Carrefour, Wal-Mart, Bosideng, Metersbonwe, Semir, C&A, H&M, K&B, TCM, OTTO and Li Ning.

⁵² See: http://www.ipe.org.cn/pollution/com_detail.aspx?id=623110

⁵³ See: http://www.ipe.org.cn/pollution/com_detail.aspx?id=626608

⁵⁴ On the xxx website we saw that this company supplied zips to a number of large brands including Decathlon, Carrefour, Wal-Mart, Bosideng, Metersbonwe, Semir, C&A, H&M, K&B, TCM, OTTO and Li Ning.



Shanghai YCC Co., Ltd's Website

Suspected Supplier 3: Guang Xiang Clothing Company Ltd.

Guang Xiang Clothing Company Ltd. is a specialist fashion company that designs, manufactures and sells clothing. Publically available information shows that that they design and produce clothes for brands including Disney (Mickey Mouse, Aristocats, Donald Duck, Winnie the Pooh).⁵⁵

The 2010 Dongguan's environmental protection complaint letters (weekly report) published by Dongguan Environmental Protection Bureau, stated that, "These letters reflect that building NO.4 of the Guang Xiang factory on Jiuzhai Liyuan Road in Humnen Jiumenzhai, directly discharged printing wastewater and waste gas. On February 5, 2010 supervision staff from the sub-bureau carried out an onsite investigation and found the following: Guang Xiang Clothing Company Ltd. at number 1 Liyuan Jiumen Village Jiu Zhai Road mainly manufactures clothing. The company has not got approval from the environmental protection bureau and has been manufacturing clothing without permission. The city bureau sent out a penalty notice, Dong Huang Penalty [2010] number 65 (delivered on January 25, 2010)."

⁵⁵ Available information shows that this company develops and manufactures clothes for Red Ants (PerGIBO), ELLE children's clothing, Snoopy, Bonnie Bear (Beni Bear), Ai Qi (AIKI) and 361 degrees.

Other Suspected Suppliers:

- **Wuxi Tianxiu Textile Product Company Ltd.**

In 2011, Wuxi Tianxiu Textile Product Company Ltd. was ranked in the Xishan District enterprise environmental behavior evaluation ratings as a yellow enterprise. A yellow enterprise ranking means that the company's discharged pollutants did not meet total volume requirements and they have received one administrative penalty.⁵⁶

- **Qingdao Cotton Zhenzhi Company Ltd.**

In 2012, during supervision and monitoring, Qingdao Cotton Zhenzhi Company Ltd. exceeded the authorized color level for wastewater discharge.⁵⁷

- **Ningbo Brother Apparel Company Ltd.**

In 2010, Ningbo Brother Apparel Company Ltd's COD (chemical oxygen demand) exceeded the authorized standard and so the company was listed as a yellow polluting enterprise by the local environmental protection bureau.⁵⁸

- **Nanjing Haizhimei Textile & Fashion Co., Ltd.**

Was rated yellow in the 2010 Jiangning District Environmental Evaluation Rating.⁵⁹

Negative Case Study 3: J.C. Penney

J.C. Penney was established in 1902 and to date has 1200 large scale clothing stores in the United States. J.C. Penney has long been known for its good customer service and has also drawn up a raft of policies on social responsibility. On environmental policies, J.C. Penney has promised that through working with suppliers they will ensure that products, manufacturing facilities and raw materials are all environmentally friendly.⁶⁰ J.C. Penney has also promised that they will give proper training and information to those members of staff working with environmental and health and safety issues.⁶¹

However, faced with multiple enquiries about pollution problems in their supply chain, J.C. Penney has remained silent.

⁵⁶2011 Xishan Area Enterprise Environmental Behavior Grade Assessment Results Report, Xishan Area EPB.

⁵⁷2012 Announcement of Enterprises that have reached Environmental Production Standards. Qingdao EPB.

⁵⁸Yangtze River Delta Area enterprise evaluation environmental behavior information disclosure form, Ningbo EPB)

⁵⁹http://www.ipe.org.cn/En/pollution/com_detail.aspx?id=658090

⁶⁰ See: <http://www.jcpenney.net/-Our-Company.aspx/Corporate-Social-Responsibility.aspx>

⁶¹ See: <http://www.jcpenney.net/-Our-Company.aspx/Corporate-Social-Responsibility.aspx>

Suspected Supplier 1: Zhejiang Hangmin Stock Co., Ltd. – Please see the Marks & Spencer Case Studies at section 3.2

Other Suspected Suppliers:

- **Hangzhou Foress Textile Co., Ltd.**

Was rated as Yellow in the 2010 Hangzhou Key Polluting Companies Environmental Performance Rating.⁶²

- **Kunshan Sanniu Industrial Group Co., Ltd. (Shenda Dyeing Factory, Kunshan City)**

In 2010 they appeared on a list of companies who were to eliminate outdated production equipment. Namely, one dyeing trough, eight dyeing overflow machines, a 10 ton and a six ton boiler and one electric thermal stove needed to be replaced because the technology was too outdated.⁶³

- **Dongguan Yili Fashion Co., Ltd.**

In 2009, because of complaints from the general public, this company was investigated. It was found to have a full set of wastewater and waste gas treatment facilities but had not been verified as up to accepted standards by the EPB. Furthermore, some of the washing water from the production process did not go through treatment and was being discharged directly to the collection pool and then discharged offsite to the sewer.⁶⁴

In 2011, the company was rated as Yellow in the Dongguan Environmental Protection Performance Evaluation Results.⁶⁵

- **Hangzhou Jijin Printing & Dyeing Co., Ltd.**

In 2010 Hangzhou EPB included them in 10 large representative environmental violation cases. For discharging pollution and damaging the environment were listed as being criticized and fined.⁶⁶

⁶² Source: Regarding the Publication of the Notice of the Results of the 2010 Hangzhou Key Polluting Companies Environmental Performance Rating, Hangzhou Environmental Protection Bureau.

⁶³ Source: List of Enterprises in 18 Industries required to Eliminate Backward Production Processes published by the Ministry of Industry and Information Technology of the People's Republic of China.

⁶⁴ Source: Dongguan Municipal Environmental Protection Publication of Complaints (Weekly Report) 09-11-2009, Dongguan Environmental Protection Bureau.

⁶⁵ Source: Regarding the publication of the 2011 Dongguan Environmental Protection Performance Evaluation Results, Dongguan Environmental Protection Bureau.

⁶⁶ Ten Large Scale Environmental Violation Cases for Companies Knowingly Discharging Sewage resulted in Fines of 940,000 RMB, Hangzhou Daily.

- **Suzhou Huayin Garments Co., Ltd.**

Rated as yellow in the 2009 Polluting Companies “Enterprise Open Environmental Information” evaluation results.⁶⁷

- **Zhejiang Furun Dyeing & Printing Co. Ltd.**

In the 2010 list of enterprises needing to eliminate outdated technologies the company was asked to replace 30 items: high temperature machine, setting machine, needle machines, screen printing machines, steaming machine, gas singeing machine, cold rolling mill, shearing machine, hydraulic wrapping machine and a brushing machine.⁶⁸

Negative Case Study 4: Polo Ralph Lauren

From data we have collected, we can see that Polo has a wide distribution of suppliers. The suppliers not only include the suppliers that we have already mentioned: YCC and Zhejiang Qingfeng Printing and Dyeing Co., Ltd. There are still a number of suppliers with serious pollution incidents and multiple years of violations.

For Suspected Supplier –Zhejiang Qingmao – Please See the M&S case studies.

Other Suspected Suppliers:

- **Dongguan Jingzhi Knitting Co., Ltd.**

Dongguan Jingzhi Knitting Co., Ltd. is in Dongguan in Guangdong province. On March 4, 2011 the Dongguan city EPB released letters and complaints in their weekly report, regarding complaints about the company’s boiler waste treatment.⁶⁹ After the EPB’s investigation, the use of the boiler was immediately forbidden.

- **Dongguan Yili Zhiyi Company, Ltd.**

- a) The washing machine and the boiler already have a full set of wastewater and waste gas treatment facilities. However, these have not been verified for use by the environmental protection department. The wastewater from the washing processes was not being treated and was directly discharged to the water collection

⁶⁷ 2009 Polluting Companies “Enterprise Open Environmental Information” evaluation results, Wujiang Municipal Environmental Protection Bureau.

⁶⁸ Source: Ministry of Industry and Information Technology Public Announcement of a list of Enterprises from 18 Industries that need to eliminate Backwards Technology, Ministry of Industry and Information Technology of the People’s Republic of China.

⁶⁹ http://www.ipe.org.cn/pollution/com_detail.aspx?id=677442

tank and then discharged out to the sewer.⁷⁰

- b) In 2011 the company was rated as yellow by the Dongguan Municipal enterprise environmental protection evaluation.⁷¹

● **Hengfu Clothing Factory**

The Zhuhai EPB issued a notice of a deadline on corrective measures for the violation. They returned to inspect the company in March and discovered that the company had not received environmental protection approval and so a penalty was immediately given and handed over to the court for enforcement.⁷²

● **Ramatex Industrial (Suzhou) Ltd.**

- a) In the 2008 Suzhou City area enterprise environmental conduct information disclosure evaluation the company was ranked as a yellow polluting enterprise.⁷³
b) In the 2009 Suzhou city area enterprise environmental conduct ranking the enterprise was ranked as a yellow polluting enterprise.⁷⁴
c) In the 2010 Suzhou city area enterprise environmental conduct ranking the enterprise was ranked as a yellow polluting enterprise.⁷⁵
d) In the 2011 Suzhou city area enterprise environmental conduct ranking the enterprise was ranked as a yellow polluting enterprise.⁷⁶

● **Jiangsu Jing Meng Knitting Company, Ltd.**

In 2008, the Wuzhong EPB entered the company on the list of companies in the Yangtze River Basin who must complete corrective actions before a deadline.⁷⁷

● **Qiao Guang Knitting Co., Ltd.**

In 2010, the Zhongshan Nanlan Branch of the Environmental Protection Bureau, during on the spot investigations, discovered that the factory was not using their wastewater treatment equipment regularly and the bleaching and dyeing workshop was still operating normally and was secretly discharging wastewater, which was seriously

⁷⁰ Dongguan City Environmental Complaints Letter (weekly report) 2009-09-11 Dongguan City EPB

⁷¹ Concerning the 2011 Dongguan city enterprise environmental protection management evaluation published report Dongguan city EPB)

⁷² http://www.ipe.org.cn/pollution/com_detail.aspx?id=639107

⁷³ Concerning 2008 Suzhou city area enterprise environmental behavior information disclosure

⁷⁴ Concerning the 2009 Suzhou city area enterprise environmental behavior ranking results report, Suzhou city EPB

⁷⁵ Concerning the 2010 Suzhou city area enterprise environmental behavior ranking results, Suzhou Environmental Regulations [2011] No. 14, Suzhou City EPB

⁷⁶ Concerning the 2011 Suzhou city area enterprise environmental behavior evaluation results report, Suzhou EPB)

⁷⁷ Concerning the wastewater treatment factory and 30 companies listed who must administer corrective actions before deadlines, Wuzhong [2008] No. 62, Suzhou City Wuzhong Local Government

polluting the environment. A law enforcement officer issued a deadline notice for corrective measures and ordered the factory to immediately start using their water treatment facilities.⁷⁸

- **Suzhou Henglan Textile Co., Ltd.**

- a) In 2010, the Suzhou city area enterprise environmental conduct evaluation ranked them as a yellow polluting enterprise.⁷⁹
- b) In 2011, the Suzhou city area enterprise environmental conduct evaluation ranked them as a yellow polluting enterprise.⁸⁰

- **Xiangshan Xinguang Knitting Printing and Dyeing Co., Ltd.**

- a) In 2006, the company's wastewater discharge concentration exceeded the national standards, incurring a fine of 50,000 Yuan.⁸¹
- b) In 2007 they stopped using the draft fan and deodorizer on the boiler which uses 10 tons/ hour of coal. This led to the smoke emissions from the boiler being in breach of national standards.⁸²
- c) In 2008 wastewater from the company's dyeing and bleaching processes' was not treated effectively. The wastewater in breach of authorized standards was discharged into Xihugang and so the company was fined 50,000 Yuan.⁸³
- d) In 2009 the printing wastewater was not treated effectively and so the company incurred a fine of 80,000 Yuan.⁸⁴
- e) In 2010 the company did not renew their environmental impact document and expanded by 1 dyeing machine and put it in production without approval, for which they incurred a fine of 100,000 Yuan. They also got fined 50,000 Yuan for exceeding the wastewater discharge volume limit.⁸⁵

Negative Case Study 5: Tommy Hilfiger

Suspected Supplier - Kunshan Haosheng Textile Company Ltd.

Haosheng Textile Factory has two violation records on the IPE's Pollution Map Database. In 2009 Haosheng Textile Factory's pollution treatment did not meet national standards and the total discharge volume exceeded regulation limits and so the company was listed

⁷⁸ Source: Nanlang Branch EPB launched a surprise investigation in the middle of the night, Nanlang EPB

⁷⁹ Concerning the 2010 Suzhou City Area Enterprise Environmental Behavior Evaluation Results Report, Suzhou EPB

⁸⁰ Concerning the 2011 Suzhou City Area Enterprise Environmental Behavior credit evaluation result report, Suzhou EPB

⁸¹ Tonghuan Xingfa[2006] No. 87 Ningbo City EPB

⁸² Xiangshan County EPB 2007 Open Administrative Punishment Form, July 7, 2007, Xiangshan County EPB

⁸³ Administrative Punishment, Ningbo City EPB.

⁸⁴ Xiangshan Xinguang Knitting Printing and Dyeing Co., Ltd. Administrative Punishment, Ningbo EPB. .

⁸⁵ Tonghuan Fazi[2010] No.60, Ningbo City EPB, Tonghuan Fazi[2010] No. 90, Ningbo City EPB.

as a yellow enterprise by the Kunshan EPB.⁸⁶ In 2012, the Haosheng Textile Company emitted waste gas in an unplanned fashion which caused residents to complain and the EPB to do an investigation. The residents protested that, “there is often the smell of burning plastic that makes us feel suffocated and nauseated. A few years passed like this and residents in the small district have regularly submitted complaints but with no real resolutions. Recently there was a more serious signs of it getting worse.” Residents went on to say, “We seriously regret buying this house. We just hope that the government can save us ordinary people and at the very least think of something for the sake of all the children in this area.” Through an investigation it was discovered that Haosheng Textile Factory’s workshop had not installed waste gas absorption treatment equipment.⁸⁷

In 2011, another suspected supplier to Tommy Hilfiger, Huizhou Jiayuzhi Factory, was issued with a 40,000 Yuan fine for pollution discharge violations.

Other suspected suppliers:

- **Hangzhou Zhong Printing and Dyeing Company Ltd.**

- a) In 2004 they were mentioned on the CCTV Economics Half Hour show for being on Xiaoshan Municipal EPB’s list of polluting enterprises.⁸⁸
- b) In 2009, the company was entered onto a list of 83 printing, dyeing and chemical companies given corrective punishments in Xiaoshan district.⁸⁹

- **Hengfu Clothing Factory**

The Zhuhai EPB issued a notice of a deadline on corrective measures for the violation. They returned to inspect the company in March and discovered that the company had not received environmental protection approval and so a penalty was immediately given and handed over to the court for enforcement.⁹⁰

- **Jingsu Jing Meng Knitting Company Ltd.**

In 2008 the Wuzhong district EPB listed them as a company in the Yangtze Delta Region factories that must administer corrective actions before a set deadline.⁹¹

- **Yongxin Dyeing and Printing Company Ltd.**

⁸⁶ http://www.ipe.org.cn/pollution/com_detail.aspx?id=646759

⁸⁷ http://www.ipe.org.cn/pollution/com_detail.aspx?id=674409

⁸⁸ Forever uncompromising: In a village, 2 years of collecting wastewater is raised in an enterprise discharge report, CCTV Economics half hour.

⁸⁹ Xiaoshao district (Xiaoshan) Printing and Dyeing Chemical Industry example of Pollution Restoration Implementation.

⁹⁰ http://www.ipe.org.cn/pollution/com_detail.aspx?id=639107

⁹¹ Concerning the wastewater treatment factory list of 30 names that must administer corrective actions before deadline, Wuzhong Regulation[2008] No.62., Suzhou City Wuzhong District People’s government.

In 2010, the company received an administrative penalty for not using their wastewater treatment facilities properly.⁹²

Apart from the specific case studies mentioned above, brands that purchase from polluting suppliers also include Guess, Armani and Younger. These brands' suppliers have all more or less had some kind of penalties for environmental conduct violations or had facilities confiscated or been ordered to halt production due to serious violations. These brands, during the communication process with the IPE have only given a neutral response or no response so they have been included at the bottom of the list.⁹³

3.3 Pro-active Brands are Pushing Companies to take Corrective Actions and Reduce Emissions.

On April 9th 2012, a number of environmental NGOs jointly published a textile industry investigative report titled "Cleaning up the Fashion Industry". After the report was published, H&M, Nike, Esquel, Walmart, Levi's, Adidas, Burberry and Gap all responded positively and started the work of managing their supply chains. Under pressure from their clients, 222 textile company suppliers have communicated with the NGOs and 33 have gone through third party audits and made corrective actions which have proved to the public their environmental performance.

Positive Case Study 1- H&M

H&M are not only using environmental information disclosed by the Chinese government to manage their supply chain but have also committed to push suppliers to start disclosing discharge data. Establishing monitoring, recording and reporting systems and promoting improvement in supplier data has great potential.

Positive Case Study 2 - Esquel

Concerning the first company to officially join the Green Choice Alliance, Esquel has made use of the pollution database to comprehensively look up environmental problems within their supply chain and has required suppliers to make corrections and explanations

92 Jiaying City EPB March 2010, Administrative Punishment Report, Jiaying City EPB.

93 http://www.wipe.org.cn/En/alliance/new_sc.aspx?pid=007

- **Nantong Yiyi Interlining Co., Ltd.**

Nantong Yiyi Interlining Company Ltd. (hereafter referred to as Nantong Yiyi) is located in Nantong City, Zhejiang province. It is a privately run company that combines the processes of weaving, bleaching and dyeing, chemical engineering, final design and coating to specialize in producing middle and high quality shirt and jacket lining. Annually the company produces 40,000,000 meters of shirt lining and 30,000,000 meters of jacket and resin lining. The products are mainly sold to 29 domestic brand name companies; the highest quality cotton Dacron lining is exported to Asia, the Middle East, Europe and the United States.

In 2007 the Nantong Municipal EPB evaluated Nantong Yiyi as a red enterprise (very poor). The record was then entered into the IPE's Pollution Map Database. While using the Pollution Map Database to carry out supply chain management, their client company Esquel discovered the violation record and immediately requested the company take corrective actions.

In accordance with their client company Esquel's requirements, Nantong Yiyi telephoned the IPE and accepted the terms and committed to a third party audit. In March 2009, they began a Green Choice Alliance third party audit and it was discovered that the company's COD discharge had not met total volume targets. At the same time it was also discovered that the reason for the high discharge volume was because the production of a particular type of lining consumed a large volume of water and created high discharge concentrations.

The company realized that it was not economical to build expensive pollution treatment facilities for heavily polluting low-cost products. At the same time, facing pressure from Esquel to meet the requirements of environmental standards, Nantong Yiyi decided to adopt the audit company and their measuring department's suggestions. They then proceeded to replace the old heavily polluting products with ones that consumed less water and created less pollution.

After the new products that use less water and energy when being manufactured were put into production, the company also introduced a water recycling system in the production process. Nantong Yiyi bore the cost of this newest environmental investment. However, because they actively reduced energy use and emissions and also received ISO14000 certification, the company received a 430,000 RMB reward from the government. This was made up of 400,000 RMB from the local government as an emissions reduction award and 30,000 RMB from the Hong Kong government as an award to mainland firms. This partially offset the 1,400,000 RMB in investments the company made into pollution control. By again upgrading the water recycling system the company improved water efficiency by more than one third. And through technological transformations, according to measurements by the company they can make annual water cost savings of

12,000 Yuan and energy cost savings of 300,000 Yuan. The company predicts that in two or three years they will have a complete return on their pollution control costs.

Nantong Yiyi's corrective measures and audit have given the company a win-win situation in terms of the environment and economic savings. This has also shown that Esquel's influence was crucial in pushing the company to make changes. During communications with Nantong Yiyi, they said many times that, "If we are unable to complete the corrections, our client company will stop ordering from us." In this way Esquel used their brand influence and buying power to push Nantong Yiyi into taking action.

Positive Case Study 3 - Walmart

After three years Walmart has used the NGOs' collected data and every month selects suppliers to carry out an audit.

Positive Case Study 4 - Levi's

Levi's was one of the first brands to extend environmental management to its material suppliers and pro-actively search the dyeing and finishing sector in a bid to control pollution.

Positive Case Study 5 - Adidas

Adidas was one of the earliest companies to extend environmental management to their material suppliers and encouraged several suppliers to launch a third party audit and document review monitored by an NGO coalition member.

- **Well Dyeing Factory Ltd.**

Well Dyeing Factory Ltd. (hereafter referred to as Well Dyeing) was founded in March 2001. It is located in the Gaoping Chemical Industry Zone in San Jiao, Zhongshan. The factory takes up a total area of 500 hectares and the factory space and living facilities exceed 230,000 square meters. The company's main business is weaving, bleaching and dyeing and finishing of knitted fabric, woven fabric, warp fabric and yarn dyeing. The annual production of knitted colored fabric is

130,000,000 pounds and it aims to become one of the three biggest weaving, dyeing and finishing companies in Asia.

On December 12, 2004 Guangzhou municipal EPB government information disclosure website published environmental information on provincial key industry pollution sources. The information showed that Well Dyeing Factory Ltd. exceeded wastewater discharge standards.⁹⁴ On July 15 2005, Well Dyeing Factory Ltd. was named on Guangdong province's second list of enterprises that were forced to implement clean production audits.⁹⁵ In 2006 Zhongshan Well Dyeing Factory Ltd. was rated as a red in the Zhongshan Environmental Protection Bureau evaluation results.⁹⁶

In 2011, Well Dyeing called the IPE, and expressed that their client company, Adidas, had required that they give explanations for their environmental supervision records in the years 2004, 2005 and 2006. Finally, under pressure from their client company Adidas, Well Dyeing accepted the conditions of a third party audit and then went ahead with the third party audit under the supervision of one of the GCA environmental NGOs.

The audit confirmed that Well Dyeing carried out corrective measures to rectify their violation problems. In 2006 and 2007 Well Dyeing enlarged the wastewater treatment plant in the factory area, and by 2009, after they completed the second expansion, their daily wastewater treatment capacity reached 41,000 tons (in 2001 it was 6000 tons/day). The audit also found that wastewater from the water purifier for Well Dyeing's boiler just went through the neutralizing pool where alkaline was added to adjust the pH value. After this it was directly discharged through the rain water discharge system. Some hazardous waste from the factory (for instance: petrol, old batteries, fluorescent lamps and office waste) was handed over for treatment to companies without the proper qualifications to treat the waste. To target this, Well Dyeing proactively carried out corrective actions and the boiler wastewater was discharged through PVC pipes into the wastewater treatment plant. Hazardous waste was also sent to a company with adequate qualifications to treat hazardous waste. Receptacles used to store hazardous waste were also labeled with standard labels in accordance with regulations.

The audit discovered that Well Dyeing not only proactively analyzed the reasons for their violations and carried out related corrective actions before the audit started. They also actively cooperated with the third party audit and adopted the corrective measures from the audit findings. During this process, the driving force from Adidas could not be ignored. Adidas continuously used their brand name and

⁹⁴ Information on [provincial key enterprise pollution sources, Guangzhou Municipal EPB Government Information Disclosure Website](#)

⁹⁵ Concerning Guangdong Province Second list of enterprises forced to implement clean production audit, Guangdong Province EPB.

⁹⁶ 2006 Zhongshan City Environmental Protection Credit Management Evaluation Results, Zhongshan City EPB

purchasing power to push Well Dyeing Factory Ltd. to carry out corrective measures. During communications, Well Dyeing clearly stated that if they could not remove the violation record it would have a direct impact on their 2012 third quarter orders thereby showing Adidas's determination to push this company to make improvements.

Positive Case Study 6 - Nike

Nike was the earliest multinational company to officially join the Green Choice Alliance, and has used the NGO's public database to environmentally manage their supply chain.

- **Hytex Apparel (Suzhou) Company Ltd. Case Study**

Hytex Apparel (Suzhou) Company Ltd. (hereafter referred to as Hytex) was established in 2005 when Naishida International invested in the company. The company has a long relationship with Nike. On April 22, 2011 IPE received a complaint from a local Kunshan resident which stated that Hytex "has been discharging printing and dyeing wastewater which has seriously polluted the surrounding environment." Furthermore, because the Environmental Protection Bureau "did not thoroughly enforce the law or make any big improvements the residents have suffered a lot of grievances."

By searching the IPE's website we found Hytex's environmental supervision record. In September 2009 the company had a hidden pipe that was secretly discharging wastewater into a stream.⁹⁷ In 2010, Hytex was listed by Tai Cang's Environmental Protection Bureau as a "yellow" company.⁹⁸ On March 3, 2011 Hytex once again had untreated printing and dyeing wastewater leak through the storm pipes into the stream.⁹⁹ IPE took the residents' complaints and the enterprise violation record and sent them to their client company Nike. On the same day, Nike replied expressing they would like to discuss the situation. After long processes of communication, Nike asked Hytex twice to carry out investigations and to confirm the details in the residents' report.

Nike attached great importance to Hytex's pollution problems and clearly stated that they would push Hytex to carry out rectifications. In May 2011, Hytex agreed to a third party audit. In June 2011, Nike commissioned AECOM to carry out a wastewater management control audit. A Friends of Nature representative from Shanghai and an IPE representative participated and monitored the audit process. The audit processes included an onsite survey, document review and worker

⁹⁷ http://113.31.80.30/about/notice_de.aspx?id=10203

⁹⁸ http://113.31.80.30/about/notice_de.aspx?id=10203

⁹⁹ http://113.31.80.30/about/notice_de.aspx?id=10203

interviews.

According to the on-site audit documents and confirmation from interviews with staff, the direct reason for the company's violation incidents was that the plexiglass wall at the back of the printing machine washing network on the western side of the second floor factory building in the eastern factory area broke. This resulted in wastewater from the washing network being discharged through the discharge pipes into the first floor bathroom sewer and then into the septic tank. Sewage then overflowed from the septic tank and seeped through the soil into the water drain. This was then discharged through the storm water pipe network into the stream to the south of the factory area. The audit confirmed that the company had corrected these very serious problems. Under pressure from Nike, Hytex improved their environmental performance and strengthened their environmental management.

However, there are still two problems, namely "whether Hytex has sufficient capacity to treat production waste water" and the problem that even though "the hidden pipe had already been blocked up, no effort had been made to clean up the polluted river bed and the on-site audit observed a large amount of black polluted mud in a section of the dried up river bed with serious water quality pollution." With regards to this serious problem, in the company's rectification progress report and final company audit report, no explicit explanation was found for corrections targeted at the problems that were discovered.

Because Hytex did not have sufficient treatment capacity and had been secretly discharging for three years the EPB issued a penalty. After Nike received the letter from the environmental NGOs they were able to urge Hytex to carry out rectifications and start a specialist third party audit which would be overseen by the environmental NGOs. Finally, Hytex did put a stop to their violating behavior and did make some rectifications. They improved their environmental performance and strengthened their environmental management. Nike's conduct is appreciated by the environmental NGOs and the local people.

From publically available information we can see that Hytex is also a supplier to Puma, ANTA and Disney. So far we have not heard any explanations or actions from these brands about Hytex's problems. Hytex's wastewater treatment capacity is still not sufficient and there are still leaks in the drainage system and the polluted riverbed has not been cleaned up.

4. What Actions Should Brands Take?

Multinational companies understand the risk that polluting suppliers pose to their brand and also that natural resources and energy resources are decreasing daily. For these reasons they have, for the most part, formulated strict corporate social responsibility policies. Some of the more responsible brands have also recognized the need for the industry as a whole to change and the Sustainable Apparel Coalition (SAC), which has recently formed, is a significant driver of this. However, this report by GCA environmental NGOs shows that these policies are not sufficient to tackle the serious pollution problems in the textile industry, and purchasing by large scale brands is still having a big impact on the environment and communities in China.

There are four reasons for this:

- First, at the moment apparel brands normally only manage their “Tier 1” suppliers – those at the very end of the supply chain where cut and sew work takes place. These cut and sew type factories require huge amounts of manpower and the environmental risks posed by them are relatively small. However, “Tier 2” suppliers, or ones further down the supply chain that carry out dyeing and finishing of fabric, are the pollution hot-spots.
- Second, even some of the most responsible apparel brands have only given a neutral response and often do not have the capabilities to investigate deeply into their supply chain for problems. If the relationship between the brands and their materials suppliers are not known to the outside world then the brands feel that they do not need to respond.
- Third, even if a multinational company discovers that a supplier has environmental problems they will not enforce their requirements and will just continue their cooperation with them.
- Finally, multinational companies do not promote or require reporting or public disclosure of environmental performance data. As such, they deprive themselves of information they need to implement responsible environmental management systems in their supply chains.

This report provides a number of positive case studies; Nike, Adidas and Levi’s have all been trying to extend management down to their main materials suppliers. However, they have come up against a number of difficulties when doing this.

Internal challenges:

- The challenges behind pollution problems from materials suppliers can be very technical so simple check-list audits will not be able to identify them.
- Some materials suppliers are extremely large so the influence that the purchases of a single brand can make is limited, and so it is difficult for them to push for changes. This can be clearly seen in the case of Hytex as mentioned in the report. Also, Esquel has had to give up

purchasing from dozens of suppliers because they have been unable to have an impact pushing for changes.

- Most brands do not extend environmental management to their materials suppliers and so continue to externalize the costs of pollution from dyeing and finishing processes. This creates a race to the bottom and it means it is difficult to push suppliers to make changes.
- When calculating environmental costs it is usually just water volumes that are calculated rather than water quality. This means it is hard to assess levels of pollution reduction.

External Challenges:

- Supervision is weak so the cost to suppliers of violation is low.
- Environmental litigation is difficult so suppliers lack a sense of responsibility.
- The price of water is seriously low meaning that recouping costs from investing in recycling takes a long time.
- Public attention is still not focused enough on the problem so it is difficult to exert pressure and force changes to take place.

Clearly, to solve the pollution problems that exist in the upper reaches of textile supply chains, if we rely on a few responsible brands then it will be difficult to achieve these changes so there really needs to be an industry-wide transformation. Industry bodies like the SAC deserve praise but so far their attention has not focused on dyeing and finishing.

Through the joint efforts of the government, industry and the public there are some brands that are now willing to change and who cooperate and get the support of other stakeholders. The textile projects that the Green Choice Alliance is pushing are there to help brands overcome the internal and external challenges that they face:

- **External** – help focus the attention of the public and the government in order to resolve the problem of not enough external pressure and lack of motivation.
- **Internal** – help promote an industry-wide change to aid brands in extending environmental management further into the supply chain, and at the same time provide support from society and technology for environmental auditing and data collection.

The Green Choice Alliance awaits the following responses and actions from the suppliers with environmental violations:

1. Reply to the NGO letter that lists findings of violation.
2. Hold discussions with IPE/other NGOs to fully understand the main report findings.
3. Contact the supplier factory with violation record to inquire about the listed violation(s) and understand the factory's perspective on the situation.
4. Perform an onsite environmental audit of factory with violation record to fully assess the nature and extent of problems (may contact a qualified environmental consulting firm).
5. Propose that the supplier conduct a standard Green Choice Alliance audit, with supervision

from an environmental NGO and publicly disclose the audit report. This way not only can the company's violation record be removed from the pollution map's list of violators, but it also improves the audit's accountability through transparency and participation; and enhances the factory's environmental consciousness and social responsibility.

Within supply chain management, we recommend addition of the following policies:

1. Directly identify strategic suppliers up the supply chain to routinely check against IPE's Pollution Map Database for environmental violation records. If records are found, to take the following actions as listed above.
2. Before extending new business contracts to any factory, establish a routine of checking the IPE Pollution Map Database for environmental violations.
3. Utilize the Pollution Map Database and other environmental information to expand environmental management to material suppliers, or request Tier 1 suppliers to audit Tier 2, Tier 2 to Tier 3, etc.
4. Encourage public disclosure of discharge data and water quality and push for companies to establish monitoring, recording and reporting systems to enhance their accountability to the public
5. Where serious problems are found in routine audits, perform an in-depth audit of the factory to fully assess the nature and extent of problems (may enlist the help of an environmental consulting firm).
6. Evaluate findings of audit and require corrective action.
7. Following the successful completion of corrective actions through a third party audit, verify that work has been undertaken to public satisfaction. Encourage the public disclosure of audit findings to enhance the facility's accountability to social responsibilities.

5. Consumer Action

The most important stakeholders to any industry are its consumers. Changing consumer behavior is one of the biggest challenges to environmental work. We want you to understand that you, the consumer, hold tremendous potential to encourage sustainable manufacturing practices by choosing to buy only sustainably manufactured clothing and apparel.

Cloth is something we use in all aspects of our daily lives, be it a beautiful piece of clothing or a towel used to clean. The notion of “high quality” apparel should become synonymous with sustainable. If you are paying a price for a brand name, you should also be paying for all production processes to be safe and non-polluting. We must show these brands that we hold them accountable for their commitments to social responsibility.

We urge you to be responsible consumers and to take this opportunity to buy “green.” By buying sustainable products and asking well-known companies to implement environmental commitments, you can feel confident that your clothes did not harm your environment or people’s quality of life—no matter where you live. High quality goods should not come at the cost of endangering the public’s health or environment.

Let’s voice our concerns and expectations we hold for these brand name apparel companies. Leveraging consumer power, we can be a strong force in influencing better environmental supply chain management for the textile industry and others. You have the right to express yourself in both what you wear and in what you believe.

It’s *your* fashion and *your* choice: Let your voice be heard and let’s clean up the apparel industry together!

What you can do:

1) Write an email or send a card to one of these textile companies that are negative or neutral (or to your favorite brand) voicing your concerns about pollution problems in the industry, and urge them to use cleaner production processes.

2) Use social media such as weibo, twitter, blogs and facebook to increase awareness about the textile industry’s pollution and to urge people to write letters to their favorite brands. On twitter use the hashtag #我选择，我时尚!#

Appendix 1 – Communication Records

H&M – Responsive – Positive

Since the release of the first report H&M have made excellent progress. They proactively looked into all the cases that we raised and started using the Pollution Map Database to screen suppliers. They are now pushing non-compliant suppliers to go through the audit process to get de-listed. H&M have now set a bench-mark for good practice by providing us with a quarterly report that gives a breakdown of search results and follow-up actions. We hope that other brands could follow these good examples and we look forward to more leading work from H&M in the future.

Nike – Responsive - Positive

Nike has been using the Pollution Map Database for a number of years now and they continue to push suppliers to go through third-party audits and take corrective actions. Nike have been exploring ways of pushing 1st tier suppliers to work with 2nd tier suppliers to encourage those suppliers further down the supply chain to start using the Pollution Map database. We hope that Nike will continue this excellent work in the future and are awaiting further developments.

Esquel – Responsive - Positive

Esquel was the first company to start using the Pollution Map Database to screen suppliers. They started several years ago, prior to the release of the textile report. Esquel have made good progress since then and now screen all suppliers and push any non-compliant ones to go through third-party audits and take corrective actions. We hope that Esquel will continue this good work into the future.

Levi's – Responsive - Positive

Levi's first contacted the IPE before the textile industry report was released. They have been using the Pollution Map Database to search suppliers and have been pushing suppliers to make corrective actions. Two of the suppliers cited in the original letter were found to be suppliers to Levi's. The reason they had not been found previously was because of mistranslation. These two suppliers have now been approached and have said they will reach out to the NGOs. Levi's continues to be proactive in searching and pushing suppliers and we look forward to this continuing into the future.

Adidas – Responsive - Positive

Adidas had been in contact with the IPE for some time prior to the letter of March 22nd being sent out by the five environmental organizations. Adidas has been using the Pollution Map Database to search suppliers and has pushed them to make corrective actions. Adidas provided a detailed response to the letter in which they explained their relationships with suspected suppliers. Adidas continue to search for non-compliant suppliers and push them to go through third-party audits.

Burberry – Responsive - Positive

Burberry has been using the Pollution Map Database to search suppliers and has been pushing suppliers to make corrective actions since before the textile industry report was released. During investigations into links between suspected suppliers and brands, none were found for Burberry. For this reason no letter was sent to them on March 22nd. Burberry has been making enquiries into the “Regular disclosure of discharge data” and “Further Extension of Environmental Management into the Supply Chain” sections on the brand assessment chart. We hope that some progress can be made in these areas soon.

Walmart – Responsive – Positive

Walmart had been in contact with the IPE for a number of years prior to the Textile report being released. They have been using the Pollution Map Database to search suppliers and have been pushing suppliers to make corrective actions for a number of years. Walmart have shown continuous commitment to pushing suppliers to make corrective actions and explanations. They have developed an advanced system which means that they search suppliers every month for environmental violations. We look forward to more good work from Walmart in the future.

Gap – Responsive - Positive

Gap sent an official response to the original letter on April 6th 2012. They confirmed that an initial investigation had taken place and they responded to some of our questions. Gap has now started to push suppliers to provide explanations for environmental non-compliance. We hope that Gap will move forward and push even more suppliers to contact us. We also hope that Gap will look into pushing suppliers to disclose discharge data and also look further down their supply chain.

Reebok – Responsive - Positive

On April 11th, 2012, Reebok’s parent company, Adidas Group contacted the GCA to explain that Reebok is a subordinate brand to Adidas and uses the same supply chain. They also explained how the same systems are in place for checking environmental compliance for all Adidas Group brands.

Esprit – Responsive - Positive

After being contacted by the GCA, Esprit responded positively and looked into the cases of suspected suppliers that we had raised with them. Esprit also contacted the GCA for a face to face meeting in which the different stages of the GCA supply chain program were explained to them. Esprit said they would provide us with a list of suppliers with violation records but we are still waiting for this.

Ikea – Responsive - Positive

On September 9th, 2012, Ikea telephoned the IPE to tell us that they had already started searching their suppliers and would push any suppliers found to have violations to take corrective actions and disclose environmental information. We look forward to more progress from Ikea in the future.

Converse – Responsive - Positive

On March 22nd, 2012, five environmental organizations sent a joint letter to Nike drawing their attention to environmental violation cases at suspected suppliers to their company. A suspected supplier to converse was also included in this letter.

On April 6th, 2012, Nike gave an official response to the letter. As a brand belonging to Nike, Converse was also included in this response.

Mizuno – Responsive – Positive

Mizuno has replied to the GCA letter on July 24th, 2012 stating that they found one of their suppliers was a materials supplier to a subsidiary in China. They were also unaware of the environmental supervision records and how to investigate these records. We sent a letter explaining how to use the Pollution Map Database and screen suppliers, after which Mizuno asked how they should register on the IPE website. On September 3, 2012 Mizuno registered on the IPE website and we hope to hear from them after they have completed an initial supplier screening.

C&A – Responsive - Positive

On March 29th, 2012, C&A responded with a very detailed reply. They informed the IPE that they had carried out checks into the suspected suppliers mentioned in the letter and had found that two were suppliers to their company. They informed the IPE that they had assurances from these suppliers that their problems had been corrected. C&A also stated that they planned on using the Pollution Map Database in the future to screen suppliers. On April 20th 2012, the NGOs responded to C&A giving more details of how other brands had been using publically available information to track the environmental compliance of supplier. The e-mail also asked whether or not C&A would be willing to push suppliers with violations to make public disclosures. C&A have now registered as a corporate user of the IPE database and we hope to hear more from them in the future.

Li Ning– Responsive – Positive

In April 2012, Lining responded to the NGOs question about their suspected suppliers and encouraged the suppliers to carry out information disclosure. Lining also confirmed the NGOs work, and explained that they were already using the IPE database to carry out investigations into their suppliers. We are waiting to see the results of Lining's supplier checks.

VF – Responsive – Positive

After contact was eventually made with VF they responded to the questions that were originally sent in a letter to one of their brands, Lee Jeans. They confirmed that the suppliers were not suppliers to VF and after looking into the cases no record of them could be found. VF then met with the IPE to discuss next steps and best practice from other brands. We hope that VF will set up a search mechanism to screen suppliers and prospective suppliers.

Lee Jeans—Responsive—Positive

Please see VF communication records.

Lafuma—Responsive—Neutral

At the end of August 2012, Lafuma gave us a formal response regarding the two suppliers in question. They confirmed that they have ceased business with both suppliers, one due to its failure to meet Lafuma's evaluation criteria. They also stated that one of the suppliers implicated in the report was not a textile company. They also provided a detailed outline of their supplier monitoring and audit system and assured us of their commitment to sustainable development. We look forward to more communication with Lafuma and hope they will use the Pollution Map Database as a screening tool.

Zara—Responsive—Neutral

After some initial confusion concerning the delivery of the original letter, on April 20th, 2012 the GCA received an official response from Inditex that stated they had checked the supplier companies in the March 22nd letter and would continue to use the Pollution Map Database to screen suppliers. On April 24th new information on a supplier to Zara came to light after which Inditex investigated the supplier and said it was not a supplier. We are still waiting for detailed reports on this supplier as well as any others that hold violation records and are unsure as to whether Inditex is using the Pollution Map database.

Target—Responsive—Neutral

Target responded to the GCA, providing details of various initiatives they are involved with, including being a member of NRDC's Clean by Design. They also identified one company in the original letter as being a supplier to one of their vendor partners. The supplier in question also contacted the GCA but did not provide an explanation of their violation record. We hope that Target will use the Pollution Map Database to track other suppliers' performance.

Tesco—Responsive—Neutral

Tesco has responded to the GCA's original letter to state that the supplier was not one of Tesco's suppliers. They also provided an explanation of their Green factory and Green Processor Guidelines. We wrote a letter explaining how to use the Pollution Map Database and hope Tesco will get in touch and make use of this screening tool.

Uniqlo—Responsive—Neutral

Uniqlo has responded to the GCA stating they found one of their suppliers that had a supervision record and that the said company had completed all remediation. Uniqlo also asked for suitable auditing companies for further investigation. We have not since heard from Uniqlo but hope they will use the Pollution Map Database to screen suppliers and make public disclosure.

Puma—Responsive—Neutral

Puma contacted the IPE and stated that they did not receive the letter on March 22nd. The

letter was then sent to them again on April 13th, 2012. Puma replied to the letter stating the company mentioned in the letter was not one of Puma's suppliers. The GCA sent an email asking if they would consider using the Pollution Map Database to track environmental performance. Puma responded on April 28th saying they would review the Textile Industry Report and use the database to take any necessary further actions. We hope Puma will register and use the database for further environmental screening.

Lotto Sport Italia –Responsive—Neutral

Lotto Sport Italia identified one of the companies in the original GCA letter as their supplier. The GCA requested more information and asked whether Lotto could push the supplier to make public disclosure and if they would use the Pollution Map Database to screen their suppliers. Lotto has had some difficulty accessing our information but we hope they commit to checking suppliers and disclosing all relevant information.

Ann Taylor—Responsive—Neutral

After confirming that a company named in the original GCA letter was a supplier to Ann Taylor, they asked the supplier to directly contact the GCA. The supplier contacted us but their violation is under investigation. The GCA explained to Ann Inc. how they can use the database to encourage suppliers to make public disclosure; however the supplier violation record still remains on the Pollution Map Database because the supplier has still not gone through the document review process. We hope Ann Inc. will push this supplier and any future ones to take corrective actions so their name can be removed from the database.

Benetton—Responsive—Neutral

On June 8th, 2012 United Colors of Benetton responded to the GCA confirming that neither company listed in the original letter was a supplier to Benetton. We hope that Benetton will take proactive measures to track their supplier's environmental performance.

Fifth and Pacific (Formally Liz Claiborne) – Responsive – Neutral

On October 4, 2012, Fifth and Pacific responded expressing that the company will require their supplier to comply with regulations during production, and will check the supplier violation records raised by the NGO coalition. We await a more detailed response from Fifth and Pacific.

Next—Responsive –Neutral

Next has written to the NGO coalition saying they were unable to verify the factories stated in the March 22nd letter, since the names were in Chinese. They have since forwarded the names to their China offices. The China CSR department contacted IPE regarding the March 22nd letter and to ask about the British offices' response. Since April 13th 2012 no further communication has been made.

Marks and Spencer –Responsive—Negative

Please see the report contents for more details.

Disney—Responsive—Negative

On March 23rd 2012, Disney sent a reply email stating that they would look into the matter; however no further communication has been received. We hope to hear from them concerning the suppliers in question.

Polo Ralph Lauren – Unresponsive - Negative

Tommy Hilfiger – Unresponsive - Negative

J.C. Penney– Unresponsive – Negative

Abercrombie & Fitch– Unresponsive – Negative

361– Unresponsive – Negative

Kappa– Unresponsive – Negative

Guess– Unresponsive – Negative

Youngor– Unresponsive – Negative

Sears-Roebuck & Co. – Unresponsive – Negative

ANTA– Unresponsive – Negative

Cortefiel– Unresponsive – Negative

DKNY– Unresponsive – Negative

Victoria's Secret– Unresponsive – Negative

Macy's– Unresponsive – Negative

Kmart– Unresponsive – Negative

Giordano– Unresponsive – Negative

Calvin Klein– Unresponsive – Negative

Armani– Unresponsive – Negative

Carrefour– Unresponsive - Negative