

The fifth edition of our Blue Sky Roadmap highlights steel and coking, CITI 6.0 indicators incorporate solid waste and timely response, real-time monitoring gets more policy attention & more. [View this email in your browser](#)



Just a few rainy days on the Blue Map and we're well into spring in Beijing! April showers came with a number of fresh starts, from CITI 6.0 to our fifth edition of the Blue Sky Roadmap. But first, let's take a moment to highlight new and noteworthy brand action this year.

Over 900 suppliers have contacted IPE since January 1st, already putting us on pace to beat our record total for contact from enterprises in 2018. What's more, an unprecedented number of those enterprises were pushed by Tier 1 suppliers, demonstrating increased action higher up the supply chain. Li & Fung, for instance, a major vendor between Asian and global markets has already pushed over 50 enterprises to contact IPE in response to violation records. [Dell](#) and [Cisco](#), meanwhile, have each pushed several ODM and OEM suppliers to start screening their own supply chains, a breakthrough step for the IT sector and one we hope will continue rippling upstream.

Keep watching those [communication updates](#) on our website for a daily play by play of brand and supplier activity. Li & Fung will now appear as a leading actor, as well as Signify, the lighting spinoff from [Royal Philips](#), which retained the same [supplier responsibility program](#) and is making headway for the household appliance industry.

Not on the communication updates yet? Reach out to gsc@ipe.org.cn to get recognized for your sustainable supply chain practices!

In this month's newsletter:

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During the past month, these **49** brands actively pushed one or more of their suppliers to improve their environmental performance. These brands' efforts deserve recognition, especially from other brands, investors, government and consumers.

Click [here](#) to learn more.

Blue Sky Roadmap Phase V highlights industry culprits behind the bump in winter air pollution

Although the start of 2018 celebrated a triumphant drop in national air pollution compared to the previous year, this past winter gave reason to worry as national PM2.5 levels climbed upward once more.



The average PM2.5 concentration from October 2018 to January 2019 in the 2+26 cities – Beijing, Tianjin and 26 cities in Hebei Province targeted as key air pollution battlegrounds – rose 6.7% year-on-year. Although many officials blamed this increase on weather conditions, IPE also traced back high pollution levels to precise steel companies which saw increased output and economically benefited from the upswing. Steel industry output in Hebei Province, for example, shot up 20% in November and 17% in January and February year-on-year to continue leading production for the country. Shanxi and other provinces fared similarly with gains in the coal coking industry, also known for its extensive emissions and energy consumption. IPE and five other environmental organizations issued letters to 74 iron and steel companies found with air pollution violation records over the winter, three of whom have responded with explanations, including Delong Steel of Hebei Province.

One of the pivotal takeaways from the National People's Congress in March was Minister Li Ganjie's declaration of an end to 'one-size-fits-all' policies. Many have blamed the redress of blanket top-down strategies for the recent rebound, but embracing 'differentiated' environmental governance requires the development of external stakeholder support to compliment government policy. To unlock effective corporate oversight, therefore, information transparency and accountability must remain the crux of the battle for blue skies.

Read the full report on our website [here](#) (Chinese).

CITI 6.0 to emphasize timely disclosures and solid waste reduction

Earlier this month, IPE finalized the draft version of this year's green supply chain Corporate Information Transparency Index (CITI) criteria for review. The sixth edition, CITI 6.0, includes two major updates to its evaluation indicators. First, the window for a timely response from suppliers to new violation records has been limited to 10 working days, a change that is intended to emphasize the importance of suppliers tracking their own performance frequently or even continuously, thereby shouldering the primary responsibility of pollution prevention and control. Secondly, CITI 6.0 now includes a parallel indicator for waste reduction and resource utilization among the guidelines for compliance and corrective action. This indicator has been introduced in response to the [Pilot Work Plan for the Construction of No-Waste Cities](#) published by the State Council at the end of 2018.

In light of growing e-commerce and consumerism in China, particularly among the young middle-class, IPE believes brands should work with their suppliers to reduce the amount of solid waste generated from the production process and increase the use of recycled materials. We hope these efforts will be able to promote a closed-loop flow of materials and low environmental impact lifecycles that flow from "resources, products, consumption, to renewable resources," ultimately reducing the amount going to landfills and incinerators.

We are now reviewing feedback on the draft guidelines from brands and partners, with the official CITI 6.0 guidelines to be published in early May.

CITI 评价指南 6.0
CITI 6.0 Evaluation Guidelines

指标与等级	权重	自评与整改得分	第三方评价得分	最终得分
总分	100	100	100	100
环境与社会	50	50	50	50
绿色供应链	50	50	50	50

New regulations on real-time monitoring data offer greater clarity and expand the industry scope

In March, the Ministry of Ecology and Environment (MEE) released the [Regulations on Automatic Monitoring Data for Municipal Waste Incineration Plants and Power Plants for Environmental Management \(For Trial\) \(Draft for Comment\)](#) as the first governmental document to elaborate on the application of real-time monitoring data in environmental governance. Since the original [Measures on Self-Monitoring and Information Disclosure for Key Monitoring Enterprises](#) and the [Measures for the Disclosure of Environmental Information by Enterprises and Institutions \(Order No. 31 of the Ministry of Environmental Protection\)](#) went into force in 2014, nearly 190,000 facilities are now disclosing their self-monitoring data, which requires installing machines to monitor the concentration of COD, ammonia nitrogen, sulfur dioxide, nitrogen oxide and other chemicals in air and water emissions every hour or two hours.

The new Environmental Protection Law, as well as the subsequent Measures on Environmental Information Disclosure for Enterprises and Public Institutions, Air Pollution Prevention and Control Law, and Water Pollution Prevention and Control Law also established these key polluting enterprises as the primary parties responsible for corporate environmental information disclosure. As IPE has collected real-time monitoring data into the [Blue Map Database](#), we have watched as facilities and their brand customers such as [Primark](#) and [Adidas](#) make use of this public data to track the compliance status of certain enterprises to great effect in catching high amounts of pollutants early and providing efficient response.

Even though the MEE document is currently still under public review, IPE applauds this expansion to waste incineration and power plants, and we believe these measures would do well to put more emphasis on timely public disclosures, explain precisely what counts as exceeding the standard and elucidate what follow-up corrective actions are required of noncompliant companies.

Responsible Business Forum on Climate Innovation, May 23-24 in Haikou, Hainan

IPE is pleased to partner with Global Initiatives, SEE Foundation, WWF and others to host the Responsible Business Forum on Climate Innovation on May 23-24 in Haikou, Hainan. The event will convene over 300 international government, finance and business leaders to share and discuss diverse solutions in urban infrastructure, agriculture, manufacturing and technology. Our Director, Ma Jun, will be delivering a keynote speech on supply chain climate responsibility and lead the following panel discussion with Apple, SAP and SEE Foundation. See the full [agenda](#) on the event website.

BUILDING A ZERO-CARBON, CLIMATE-RESILIENT FUTURE

As an event partner, IPE may provide a 20% discount on tickets to our networks with the promotional code IPERBFCH19D. Learn more about China's first RBF and register [here](#).

Partnership Updates

- 1) Our March newsletter highlighted an [article](#) by Diálogo Chino, the Latin America office of chinadialogue, that called attention to the severe public health impacts of an aluminum refinery in Jamaica, featuring research by IPE regarding violation records from their parent company, Jiquan Iron and Steel Co., Ltd (JISCO). We are proud to report that less than a month later, the Jamaican government [issued](#) 16 enforcement orders against JISCO for their poor environmental management and disregard of the local regulation. This simple partnership between NGO research and the media demonstrates exactly how open information can be leveraged to incentivize government action and corporate change, even as supply chains expand around the world.
- 2) The Pharmaceutical Supply Chain Initiative (PSCI), an industry coalition, [published](#) their annual report this month and highlighted IPE among their collaborators. Because pharmaceutical companies have such specialized supply chains, they are particularly vulnerable to potential disruptions due to increased government enforcement and IPE recognizes PSCI as a key partner in ensuring compliance oversight.

CHINA WORKING GROUP

A dedicated China working group formed this year to support this crucial market where many members have important suppliers. Members' local China teams meet (speaking Chinese) and contextualise the PSCI's activities to the China market. For example, the group provided very important input to the China supplier Conference (see page 10) enabling that event to have a much more localised tone with 80% of the content presented in Mandarin. They are vital to monitoring the changing regulatory context in China and developing good engagement with critical environmental NGOs including IPE. The group reports into the Audit Committee but supports all our activities in China.

Supervisory Inspections by the Central Government

- Round 1: 2016.1 - 2016.2
- Round 2: 2016.7 - 2016.8
- Round 3: 2016.11 - 2016.12
- Round 4: 2017.4 - 2017.5
- Round 5: 2017.8 - 2017.9

Insights from the IPE

The Institute of Public and Environmental Affairs (IPE) is a well-respected and influential Chinese NGO. We were pleased to hear from them at our AGM, where they offered essential insights into the changing regulatory regime in China and the implications for PSCI's supplier factories.

- 3) Last month, the U.S.-China Business Council [published](#) an excellent primer on business risks due to recently renewed government inspections for foreign companies that source from China, *Environmental Compliance for US Companies in China: Challenges and Best Practices*. The [Blue Map Database](#) is mentioned as a third-party support system for companies to understand whether suppliers are in compliance.

"Companies report greater involvement by non-governmental organizations (NGOs) in environmental enforcement efforts. While the 2015 Environmental Protection Law for the first time allows legally-registered NGOs to file public interest lawsuits, companies report that NGOs usually employ other strategies, including bringing violations to the attention of regulators, the public, or company management. For example, the Institute of Public and Environmental Affairs (IPE), a Chinese NGO, maintains a public database of companies with environmental violations and requires third-party inspections for those companies to be removed from their blacklist."

POLICY UPDATES & RESOURCES

Policy Updates

- The Ministry of Ecology and Environment (MEE) published [Self-Monitoring Technology Guidelines for Pollution Sources for the Food Manufacturing Industry](#) (Chinese) and [Self-Monitoring Technology Guidelines for Pollution Sources for the Alcohol Product and Beverage Manufacturing Industry](#) (Chinese) which outline the basic requirements for self-monitoring, the development of monitoring plans, information records and reports for polluting entities in the specified industries. These draft documents are seeking public comments through May 30, 2019.
- The Shandong Environmental Protection Bureau released a [Notice on Launching the Special Provincial Inspection for Environmental Safety Hazards and Environmental Risk Enterprises](#) (Chinese) in response to the 3.21 explosion in Jiangsu Province to resolve any major risks in the region. The special inspection began in late March and will run through the end of July.
- Nine departments of the Zhejiang Provincial Government jointly published an [Implementation Plan for Comprehensive Pollution Control in Hangzhou Bay](#), targeting eutrophication, wetland damage, solid waste disposal and other environmental issues in order to protect the Yangtze River and the province's coastal ecosystems.

Policy Resources

- [Environmental Protection Tax Law of the P.R.C.](#), (English)
- [Soil Pollution Action Plan \("Soil Ten"\)](#) (Unofficial English translation)
- [Amendments to China's Air Law \(passed in August 2015\)](#) (English translation)
- ["Water 10" Action Plan \(issued in April 2015\)](#) (English translation)
- [Made in China 2025](#) (policy summary)
- [EU-China Environmental Governance Project Policy Resource Center](#) (Bilingual)
- [China Hazardous Chemicals Management Resource Center](#) (Bilingual)
- [China Law Translate](#) (crowd-sourced English translations of Chinese laws)

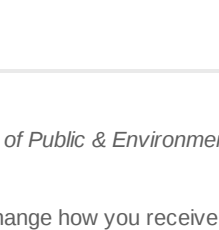
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April 24, 2019

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