

# Driving Green Development through Empowering Supply Chains

—An Insight Study of Sino-European Sustainable Supply Chain Practices  
from Past Sino-European CSR Roundtable Forums

Year 2008-2023

Co-hosted by amfori and China Sustainability Tribune, the Sino-European CSR Roundtable Forum (hereinafter referred to as the "Forum") has long focused on the promotion of global sustainable supply chain. It aims to build a professional and international platform for China and European countries to discuss the concept of Corporate Social Responsibility (CSR) and related practices, and to promote exchanges and cooperation between Chinese and European enterprises on global sustainable trade.

On the occasion of its 15th anniversary, this insight study encapsulates the achievements of the past 27 Forums. By examining the developments in the Sino-European supply chain, addressing business concerns, and identifying future trends, the study provides direction for the Forum's future endeavors. It offers valuable reference and inspiration for partners and stakeholders who care about the Forum while continuing to contribute to the development of sustainable supply chains in China and Europe.

## Insight 1:

### The Evolution of Sustainable Supply Chain Policies Presents a Systematic Trend with Notable Achievements and Far-Reaching Influences

The landscape of sustainable supply chain is being redefined and institutionalized as China and Europe progressively introduce relevant policies, regulations, and standards. In 2017, China introduced its first national standard for green supply chain management, *Green Manufacturing – Green Supply Chain Management in Manufacturing Enterprises – Guideline (GB/T 33635-2017)*. This marked a clear incorporation of sustainable concepts like resource conservation, environmental friendliness, and health and safety throughout the supply chain management process of manufacturing enterprises. In 2021, the Department of Standards Technology Regulation of the State Administration for Market Regulation interpreted the series of green supply chain standards, providing a clear understanding of their basic framework and interconnected relationships. Concurrently, the EU's legislative efforts towards sustainable supply chain management are primarily reflected in its *Directive on Corporate Sustainability Due Diligence*. This directive necessitates enterprises to perform due diligence throughout their operations, subsidiaries, value chains, and established business realms, thus encouraging more accountable supply chain management practices.

With the guidance of these national standards, professional organizations have formulated more detailed industry-specific standards. These provide an invaluable reference for businesses seeking to upgrade their supply chains sustainably. For example, amfori offers professional services for managing responsible procurement and sustainable supply chains. It has spearheaded initiatives such as the Business Social Compliance Initiative (BSCI), Business Environmental Performance Initiative (BEPI), and Quality Management Initiative (QMI). Furthermore, the *Guidelines for Management and Evaluation of Green Supply Chain of Textile Products*, China's first local standard for green supply chain management of the textile industry, encourages textile and garment enterprises to implement green supply chain management, maximizing the holistic benefits of the supply chain.

Both national and industrial levels have established clear mandates for the development of sustainable supply chains. For businesses, understanding and accurately interpreting these policy and standard requirements, followed by making appropriate adaptations, will pave the way for the development of their own sustainable supply chains.

- State Grid, for instance, has issued the *Action Plan for the Development of Green and Modern Digital and Intelligent Supply Chain* to support the construction of a green, modern, digital and intelligent supply chain, sustain the safety and stability of industrial chain supply chains, support the construction of a new power system, realize the carbon peaking and neutrality goals, and serve economic and social development.
- JD Logistics is committed to building a green and sustainable supply chain. Drawing upon years of practices, it has launched SCEMP, a supply chain carbon management platform for various scenarios, to encourage more businesses to reduce carbon efficiently and at low cost, and to ultimately achieve the goal of net zero emissions.

## Insight 2:

### Green Carbon Reduction Has Become a Crucial Focus in Supply Chain Development and Key Topic in Corporate Sustainability

Facilitating the construction of green supply chains is a transformative shift. Enterprises shall establish a green supply chain and implement green manufacturing systems throughout the entire lifecycle of their products and services. Green supply chain management instigates a comprehensive approach to energy-saving and carbon reduction across the industry chain, encouraging all upstream and downstream players within the supply chain to enhance their environmental performance. This promotes an upgrade in companies' energy-saving and emission-reduction technologies, minimizing pollutant emissions across the industry chain, and contributing to the enhancement of ecological environmental quality.

- Schneider Electric has pledged to achieve net-zero carbon emissions in its supply chain operations by 2050.
- State Grid aims to reach a trans-provincial and trans-regional transmission capacity of 300 GW in its operation area by 2025, with half of that being clean energy.
- Yihai Kerry Arawana sets its sights on achieving net-zero greenhouse gas emissions by 2050 and will start to develop a roadmap for this goal, tailored to its development plan, from 2023.
- Apple, having attained carbon neutrality within its corporation, now aspires to achieve 'carbon neutrality' across its entire business model, including its manufacturing supply chain and product lifecycle, by 2030.
- ALDI, a retail brand, is reducing greenhouse gas emissions in its operations and supply chain. It has pledged to cut these emissions by 55% by 2030 (based on 2020 levels) and will implement carbon reduction plans in four key supply chains - dairy, soy, transportation, and recycled materials - by 2025.



## Insight 3:

### Fostering a Supply Chain Partnership Ecosystem for Shared Benefits between Businesses

A sustainable supply chain requires enterprises to leverage relevant technologies and tools to empower themselves and refine their internal sustainability strategic objectives and action plans. Additionally, it necessitates the development of an ecosystem of partnerships and strong collaboration with suppliers to collectively pursue carbon reduction across all aspects such as procurement, manufacturing, logistics, and sales.

Partnerships within the supply chain are extensive, covering brands, suppliers, energy and logistics companies, and financial institutions.

- ▶ With clean energy as the cornerstone of the green supply chain development, energy firms are proactively enabling their business clients to embrace green practices. For example, Taicang City Power Supply Branch of State Grid Jiangsu Electric Power Co., Ltd. supported Nike China in constructing a zero-carbon smart warehouse and logistics center, while Ningbo City Power Supply Branch marshalled resources to build a “Green Cube” smart energy management platform, aiding industrial businesses in achieving steady, precise, and well-performing carbon reduction.
- ▶ Logistics, a key element in the supply chain, focuses on enhancing efficiency. JD Logistics, for instance, has launched the Green Stream Initiative, incentivizing upstream brands to utilize original packaging through advantageous warehousing policies. Consequently, thousands of products from brands like Procter & Gamble and Unilever are now delivered in their original packaging for logistics.
- ▶ Brands are setting sustainable procurement standards, prompting suppliers to focus on their sustainability index performance, and fostering mutual growth in establishing sustainable supply chains. Take Hape, a toy brand, as an example. Hape is committed to sustainable and eco-friendly raw materials. It regularly appraises the sustainability of toy material suppliers, and actively explores and develops new environmentally-friendly materials. By building platforms for information sharing, transmission, and disclosure among upstream and downstream enterprises, sustainable supply chain management models and implementation pathways for various industries can be developed, leading to co-creation, sharing, and mutually beneficial results.

## Insight 4:

### Best practices of businesses serve as a model in promoting the development of green supply chains

Green and sustainable supply chains present an opportunity for businesses to transform and grow. With the support of national policies and industry associations, businesses have been exploring their own green supply chain management systems from various perspectives, including government, suppliers, and partners. They are dedicated to fostering technological innovation, economic growth, and the green transformation of industries. In recent years, well-known businesses both domestically and internationally have reaped economic and social benefits through green supply chain management, providing a benchmark for enhancing corporate green supply chain management.

- Yihai Kerry Arawana is committed to promoting sustainability and traceability in the sourcing of palm oil and soybeans, and has conducted SGS IP certification for some domestic non-GMO soybeans that can be traced back to farms, and is actively sourcing soybeans that have obtained SSAP certificates.
- Yili has established a "Shared Health Sustainability System" comprising four areas: industry chain win-win, quality and innovation, social welfare, nutrition and health, and has become the first member of the UN Global Compact in the industry.



## Insight 5:

### Managing supply chain transparency has emerged as a critical path in achieving sustainable development

Transparency in supply chains is a crucial pathway to achieving sustainable development and serves as the foundation for establishing trust, devising strategies, and jointly addressing social and environmental risks. As sustainable supply chains are integral to fulfilling corporate social responsibility, businesses must collaborate to implement social responsibility concepts and consider non-financial factors such as environmental, social, and governance (ESG) issues. They must also proactively disclose their social responsibility governance guidelines, increase transparency in their supply chains, and actively support and cooperate with associations and industries in their efforts to develop sustainable supply chains. Encouraging information sharing between upstream and downstream supply chains facilitates the exchange of best practices and fosters improved collaboration, thereby advancing Sino-European trade.

- Dell shared their progress in advancing green supply chains at the 2022 Green Supply Chain & Climate Action Forum.
- Sinochem International has bolstered its partnerships by hosting a series of workshops, establishing communication platforms, and launching the “Sustainable Supply Chain Partner Network” initiative. Together with its partners, Sinochem International has built a transparent supply chain ecosystem.

## Future Outlook

Green, low-carbon, and sustainable supply chains play a vital role in fostering harmony between humans and nature. The Sino-European CSR Roundtable Forum is dedicated to promoting the establishment of sustainable, resilient, green, and secure supply chains. In the future, the forum will continue to provide a platform for Chinese and European businesses to exchange ideas on sustainable development, and will remain focused on advancing the green development of supply chains.

### 01 Leading by example

This year's forum will utilize green procurement and extended producer responsibility systems to encourage leading businesses to adopt green supply chain management practices. As a platform, the forum will guide industries and organizations in improving green supply chain standards and raising awareness among businesses. Future forums will showcase exemplary cases aligned with each year's theme to inspire more businesses to pursue sustainable supply chain management and promote the development of sustainable supply chains.

## 02 In-depth and comprehensive approaches

Supply chain collaboration is a complex and vast system. To empower the supply chain, a group of leading businesses must first become the dominant force in building partnerships in the supply chain. Secondly, the principles of the circular economy must be embraced and digital innovation strengthened. Thirdly, industry organizations need to continue to play a coordinating role, providing standards and tool support for businesses. All of these require the joint efforts of all stakeholders in the entire supply chain to empower the development of industries.

## 03 Multi-dimensional empowerment

To create a sustainable supply chain, it is essential to integrate the principles of sustainable development into every aspect of the industry. Businesses must be guided to adopt “green” and “low-carbon” practices throughout their entire ecosystem, thereby improving their overall green development efficiency. This can be achieved through resource integration, supply chain training, business exchanges, and education on sustainable supply chains. Additionally, the forum will produce newsletters featuring cutting-edge information on Sino-European trade policies, regulations, and standards, as well as core conclusions from discussions, and offer expert interpretations of key issues. These newsletters will expand the influence of ESG and highlight the achievements of Chinese and European businesses in fulfilling their social responsibilities.

#### 04 Enhancing supply chain transparency

It is recommended that businesses shift their ESG information disclosure from a reactive approach to one that involves proactive planning, data collection during operations, and post-event analysis. To enhance supply chain resilience, it is important to focus on implementing professional ESG management and disclosing information, such as those about supply chain ESG risks. By adopting systematic ESG management practices, businesses can improve the quality of ESG data and information. This promotes transparency in the supply chain and facilitates communication and collaboration between businesses to address common challenges.

Developing a green and sustainable supply chain requires collaboration from all stakeholders. The Sino-European CSR Roundtable Forum serves as a professional platform for exchanging ideas and facilitating communication between China and Europe in the field of corporate social responsibility. The forum encourages all stakeholders to participate in building the Sino-European trade supply chain and strengthening partnerships to promote sustainable trade between China and Europe.

