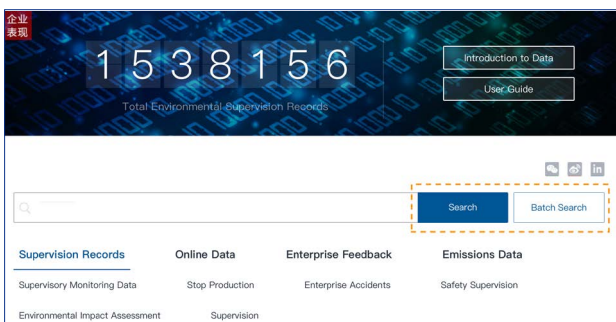


SUPPLY CHAIN OVERSIGHT WITH BLUE ECOCHAIN

To enable companies to effectively oversee the environmental performance of factories in their supply chains, IPE has systematically collected and made publicly available a very large number of environmental compliance (“supervision”) records published by the Chinese government into a user-friendly public platform called the Blue Map Database. Over the past few years, as government inspections and requirements for continuous monitoring data disclosure have skyrocketed, the number of records in the database has grown proportionately. As of 2019, IPE’s Blue Map Database holds nearly 1.5 million records for more than one million factories, as well as real-time emissions monitoring data from 18,000 high-impact enterprises around the country. Moreover, the Blue Map Database is highly dynamic and continues to grow rapidly, collecting information on environmental quality, pollutant emissions and supervision records from 31 provinces and 337 prefecture-levels cities every hour throughout the day.

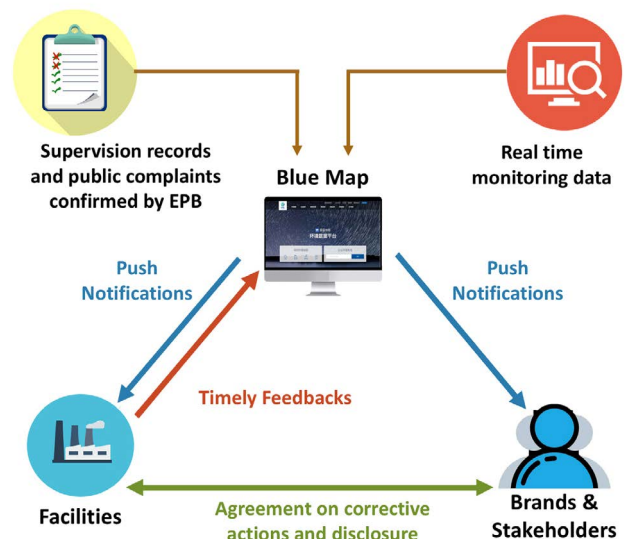
To access a single supplier’s compliance status, brands simply type the supplier’s Chinese name or Unified Social Credit Code into the Blue Map Database search box accessible on IPE’s website. Companies can also upload a list of their suppliers and the system will automatically match the full list with facilities in the database and provide a breakdown of each supplier’s environmental performance.



BlueEcoChain

Blue EcoChain: Automated Supply Chain Oversight

To drive and enable more efficient and effective oversight at scale, IPE recently created a new tool called Blue EcoChain that automates compliance screening. Through the Blue EcoChain system, brands and other stakeholders are able to continuously ‘follow’ numerous suppliers and receive automatic notifications the moment a supplier receives a new violation record, incurs a problem with its real-time monitoring data or uploads new documents to the Blue Map Database demonstrating environmental compliance. Blue EcoChain greatly reduces the amount of manual labor for brands to review and confirm environmental compliance by allowing for continuous tracking and automatic updates via email or mobile app.



What's more, by allowing multiple parties, including factories themselves, access to synchronized alerts, Blue EcoChain shifts the conventional dynamic of brands policing suppliers to one of equal participation, in which suppliers feel individually responsible for compliance problems as they arise, without the need for a push from their clients each time. Blue EcoChain thereby forges partnerships in environmental risk management centered on solving problems expeditiously.

Benefits of Blue EcoChain

- Brands gain access to information on environmental performance in a timely manner, easily following thousands of suppliers, increasing supply chain oversight efficiency and reducing costs.
- Suppliers can quickly and proactively respond to problems, sometimes responding to an issue in their real-time monitoring data before a violation record even appears in the Blue Map Database.
- Suppliers can also use the tool to follow their own suppliers' environmental performance, ensuring corporate environmental responsibility throughout the upstream and downstream supply chain to include high-impact areas such as chemical manufacturing or wastewater treatment facilities.

Delivering Impact

First launched in 2018, Blue EcoChain is proving to be an extremely potent tool to assist in lowering China's pollution problems; over 40 participating brands and 50 domestic manufacturing participants have registered more than 10,000 suppliers into the automated system. Blue EcoChain now drives the majority of the 100-150 factories contacting IPE every week to publish explanations and rectification plans for their compliance problems.



Brands Participating in Blue EcoChain 2019

How Does the Blue EcoChain system work?

1. Brands [create an online account](#) to search and 'follow' their suppliers (Please see the [Guide to Account Registration](#)).
2. Suppliers [register as corporate users](#) and provide a list of their brand customers. Suppliers may also search and follow their own suppliers to extend oversight upstream.
3. Linked brands and suppliers receive synchronized push-alert updates via email or through the IPE Blue Map app regarding new violation records, public feedback or audit results from their suppliers once published in the Blue Map Database.
4. Brand clients and other stakeholders contact suppliers as issues arise, and suppliers are requested to contact IPE with explanations regarding their violation status and plans to remediate compliance problems.
5. IPE provides suppliers with guidance on how to respond to violation records and supervises the remediation and disclosure process.
6. The system automatically generates an update when suppliers provide public explanations and when rectification efforts are complete and approved by IPE. These updates appear on the supplier's page in the Blue Map Database for public access.