

Guidelines for Chinese Retailers Towards Sustainable Consumption Summary



中国连锁经营协会
China Chain Store & Franchise Association

| Acknowledgement

This publication is one of the outputs of the **China Sustainable Consumption Research Programme—Consumer Awareness and Behaviour Change in Sustainable Consumption** to identify new opportunities of promoting sustainable consumption in China through improving consumer's awareness and behaviour regarding sustainability at both consumer and business level and further its impact on the national policy. The project is implemented by China Chain Store & Franchise Association (CCFA) and contributes to the Consumer Information Programme (CI-SCP) of the 10 Year Framework of Programmes on Sustainable Consumption and Production Patterns (10YFP), with the financial support of the 10YFP Trust Fund, in close cooperation with the China Office of UN Environment. .

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| Introduction

The concepts of sustainability and the benefits of resource efficiency and social development, are increasingly accepted around the world. Governments are working to reduce the economic, environmental and social costs of future development, and the concept of sustainable development has been deepened and developed ever since.

In September 2015, the United Nations launched the 2030 Sustainable Development Agenda, and in its 17 Sustainable Development Goals (SDGs), Goal 12 - on Sustainable Consumption and Production - was defined to “aim at ‘doing more and better with less,’ increasing net welfare gains from economic activities by reducing resource use, degradation and pollution along the whole lifecycle, while increasing quality of life.” The Chinese government also attaches great importance to sustainable development strategies, develop sustainable development goals in national development strategies and introduce a range of policy plans to actively promote the implementation of sustainable production and consumption in China to achieve the emission reduction commitments in addressing climate change in the Paris Agreement.

Retail is one of the main links of commodity circulation, bridging production and consumption. It links manufacturers, suppliers and consumers, which also allows the retail sector to use its natural advantages in promoting sustainable consumption. How to better match the expectations of consumers, and promote sustainable consumption, has increasingly become an important issue for retail enterprises.

In the full lifecycle of products and services, sustainable production and consumption require involvement and collaboration among stakeholders, including participation in supply chain management, traceability systems, consumer education, sustainability standards and labeling, and sustainable consumption information, recycling and disposal, and sustainable public procurement.

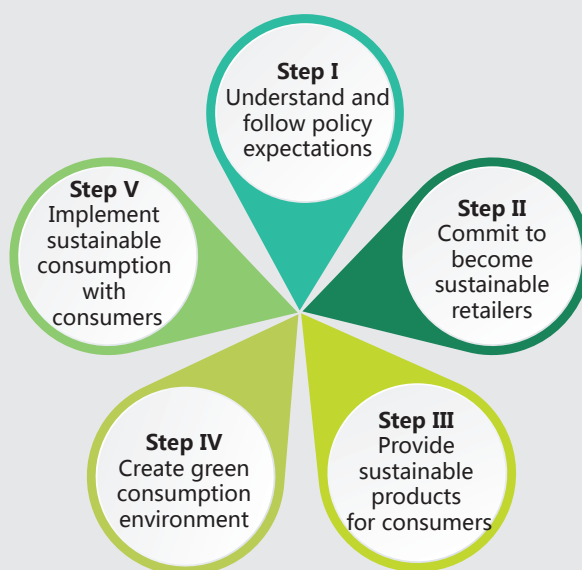
As the first operational guideline for sustainable consumption in the retail sector, the *Guideline for Chinese Retailers Towards Sustainable Consumption* (hereinafter the Guideline) will provide an effective solution to the sustainability challenges faced by with Chinese retailers.

In order to better meet the actual needs of Chinese retailers, in the early stages of the development of the project, the project team carried out a survey of sustainable consumption awareness and expectations among

retail enterprises in China. The survey results show that all respondents believe that promoting sustainable consumption does not conflict with the goal of generating revenue and express the willingness to promote sustainable consumption, with a focus on improving corporate reputation and strengthening value resonance with consumers. But some of the respondents' understanding of sustainable consumption is still relatively narrow, remaining at the level of energy saving and environmental protection.

We hope that the introduction of the guideline can encourage more retail enterprises to promote sustainable consumption as an important development strategy, through more efficient supply chain management, meeting stakeholder expectations, and thus create a favourable policy environment to sustainable development of the enterprise; to help enterprises in addressing social and environmental issues in the meantime to identify new opportunities for communication and interaction with consumers, to establish a more effective way to help enterprises integrate sustainable consumption at the strategic level, and ultimately enhance the corporate brand and commercial value.

The guidelines are prepared for practicality, and we provide a five-step recommendation for retailers towards sustainable consumption, including:



It aims to provide convenient and practical recommendations for retail enterprises to carry out a daily work plan towards sustainable consumption.



Step I: Understand and Follow Policy Expectations

In China, the government is the most important stakeholder for the enterprise, and a timely understanding of the policy development and guidance is critical to the long-term success of the business in a complex environment. In recent years, the Chinese government has put forward higher expectations for corporate social responsibility, hoping that enterprises can change the development mode in the new economic context, pay attention to the overall impact and value of business on social development, and achieve the balanced development of environment, society and sustainable growth. The 13th Five-Year Plan, which was officially launched at the end of 2015,

also provides a clear strategic framework for enterprises to actively fulfil their social responsibilities. At present, the government has launched a series of policy frameworks on how to promote sustainable development in different industries.

Effectively meeting policy expectations is expected to help retail enterprises :

- 1 to avoid or reduce legal risks, to ensure business operations compliance;
- 2 to strengthen government relations, improve corporate reputation;
- 3 to access government support and more social resources, and even access financial encouragement.



Step II: Commit to Become Sustainable Retailers

Commitment to becoming a sustainable retailer means commitment to environmental responsibility and social responsibility at the strategic level, incorporating the concept of sustainable development into the business strategy and establishing a clear strategic path and action framework to ensure the achievement of sustainable development objectives.

- ◆ When establishing sustainable development and consumption objectives, it should take full account of the characteristics of their own enterprises, the challenges they face and their own advantages. The target setting should be

based on the status quo of the enterprise development, to ensure that the target statement should be as specific as possible, also taking into account the feasibility, a clear time bound, and the use of quantitative measurement.

- ◆ During the implementation of the objectives of the process, the retailer should assess the rationale of the target depending on the specific situation, and timely adjustment of objectives and action plans to ensure that the objectives achieved.
- ◆ Enterprises can set the topics of the target, and related implementation path based on their own development needs.

In order to help enterprises build sustainable development strategies, we provide the following framework templates for reference.

Key Factors	Measurable Dimensions
Sustainable Development Strategy	Clearly incorporated in the whole development strategy
Environment, Health, and Safety Objectives	Ensure/Improve benefits at the working place
Effective Resource Management Objectives	Improve water-use efficiency
	Reduce waste emission, improve waste treatment and recycling
	Improve energy-use efficiency
Energy-saving, emission reduction and low-carbon goals	Reduce CO2 emissions
Corporate Social Responsibility (CSR) Goals	Focus on community
	Strengthen communication with suppliers
	Strengthen communication with consumers
	Provide staff training
Other Objectives	Adjust according to status quo of the enterprise

NOTE : Reference from China Retail Sustainable Consumption Platform: <http://www.crscp.cn/>



Step III: Provide Sustainable Products for Consumers

To ensure sustainable products are accessible and purchasable for consumers is the key to sustainable consumption. And measuring the sustainability of a product depends on its social and environmental impact throughout its entire life cycle.

To strengthen the impact of retailers on suppliers, to drive more suppliers to improve sustainable performance, and provide more sustainable products with high quality, the following four sub-steps can be used in supply chain management to provide consumers with sustainable products.

1. Establish common goals with suppliers

2. Promote responsible procurement and sustainable production

3. Supervision and evaluation of progresses for achieving sustainability goals, and establish social responsibility audit system and archives of supply chain management, to ensure transparent review, make those open to the public

4. Correction and capacity building, based on qualitative and quantitative feedback. Provide training and resource support to non-compliance suppliers to improve their sustainability performance

How to Achieve Responsible Procurement

Retail enterprises can base their procurement on supplier's environmental and social performance through assessment and evaluation, to promote suppliers to continuously improve the sustainability performance of enterprises and products, and thus ensure the sustainability of procurement products.

Environmental Performance Evaluation

- A. Retail companies to conduct procurement or production with reference to sustainability standards or criteria
- B. Promote innovation of sustainability products
- C. Sustainable Production
- D. Sustainable Packaging
- E. Sustainable transportation

Social performance evaluation

Require suppliers to focus on the social risks in the business operations and evaluate them with the following indicators:

- Employee relationships
- Human and community development
- Gender equality
- Vulnerable groups support



Step IV: Create green consumption environment

Retail enterprises need to address these aspects in the store operations: energy consumption, water consumption, garbage treatment and other aspects, to take a sustainable business operation model for consumers in order to provide a sustainable consumption environment. At the same time, retail stores can pass information of sustainable consumption to more consumers.



Step V: Implement sustainable consumption with consumers

To practice sustainable consumption with consumers is the continuation of sustainable development strategy of enterprises in the consumption phase, mainly including two aspects: product communication and value communication. That is, to enable consumers to obtain the information behind the label at the lowest cost and to encourage consumers to take the initiative to focus on sustainability information, to establish consumer awareness of sustainable consumption, to focus on their own purchase, use, recycling behaviour considering the environment and society, and thus to integrate sustainability into their daily consumption behavior and lifestyles. On the other hand, to incorporate the sustainable consumption-related information and elements in marketing activities for the store can enhance the consumer's shopping experience, and finally enhance the marketing effect.

Implementation method:



A. Establish a sustainable consumption information collection and communication mechanism.

To involve various departments within the enterprise to participate in the sustainable development and consumption-related information collection, and regularly provide this information to the designated departments - usually the enterprise's external communications department or public relations department, which will collect and process the information in effective information materials. Combined with the company's communication planning, the department can timely update the information materials and use it for external communication.



B. Establish effective communication strategy, to ensure the information can reach consumer groups.

For example, follow and apply the principles of the "Guidelines for Providing Product Sustainability Information", developed under the 10YFP Consumer Information Programme (to be launched 2017-18, for more information visit

<http://www.scpclearinghouse.org/initiative/working-group-1-guidelines-providing-product-sustainability-information>



C. Carry out thematic activities, create news hot spots, and promote more consumers to participate in sustainable consumption.

Please visit <http://www.crscp.cn/> for the full text, which contains more details and international best practices. Please note that only Chinese version is available.



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