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Advocate Helps Track Polluters on Supply Chain

By ERICA GIES

SAN FRANCISCO — As a journalist in the 1990s, traveling widely around China for The South China Morning Post, a Hong Kong daily, Ma Jun saw rivers running black and met numerous people who believed they had been poisoned by pollution.

After conducting interviews and reading documents, “I understood that it was not just normal discharge,” Mr. Ma said by telephone this month. “Some rivers now contain heavy metals and carcinogens that could cause the mutation of genes and hurt unborn babies.”

Mr. Ma’s experiences led him to write a comprehensive analysis of the problems caused by the country’s headlong growth and industrialization, “China’s Water Crisis,” first published in 1999 and translated into English in 2004. He now directs an independent research organization, the Institute of Public and Environmental Affairs, in Beijing, founded in 2006.

Mr. Ma’s focus is on environmental impacts, rather than the sort of labor issues at Foxconn’s Shenzhen factory, supplier to Apple and other electronic giants worldwide, which have recently made headlines. But his work could ultimately revolutionize supply chains throughout the global economy.

Now Mr. Ma has been recognized internationally for his work by winning this year’s \$150,000 Goldman Prize for Asia. The prize, founded by the San Francisco philanthropist Richard Goldman in 1990, is awarded for grassroots environmental activism.

Mr. Ma has been something of a gadfly to Apple for the past two years, pressing it to be more open about its business relations with Chinese companies since well before the polemic exploded over working conditions at Foxconn.

But Mr. Ma was selected for the prize because his work is far more ambitious than merely taking on the world’s most valuable publicly traded company: He wants all manufacturers in China to clean up their environmental footprint.

“Globalization creates a disconnection between manufacturing and the market,” Mr. Ma said.

People, he said, need to see beyond the beautiful facade, “to connect all these dots so people can understand that all this pollution is there and together we need to generate motivation to clean it up, wherever it is.”

To that end, Mr. Ma’s institute has compiled a database containing more than 97,000 records of air, water, and solid hazardous waste violations by all kinds of companies operating in China.

“It is shocking,” Mr. Ma said during an interview last August, referring to the wastewater, hazardous waste and solid waste he has witnessed. Some of the damage would take decades and huge amounts of resources to repair, he said.

Mr. Ma’s database, started in 2006, received a big boost in 2008 when China introduced a law requiring public disclosure of government documents on violations. Since then, he has seen “strong growth in the expansion of environmental transparency in this country,” he said.

One of the institute’s biggest challenges has been to track the links in the supply chain between global companies and local operators, since many have signed confidentiality agreements.

Clarifying the links does not necessarily solve the problems. The multi-tiered supply chains that are the hallmark of globalization are innately difficult to manage. “If you’ve got an office in Shenzhen or Hong Kong, it’s very hard to keep tabs on the perhaps thousands of factories you have across China in any given moment,” Andrew M. Hutson, project manager for corporate partnerships with the New York-based Environmental Defense Fund, said during an interview in August.

Companies may work closely with their assembly factories but problems can still arise in the primary or secondary processing of materials, he said.

To overcome these obstacles and match global companies with their suppliers, Mr. Ma’s institute draws on the investigative skills he learned as a journalist — combing the press, cross-referencing and gumshoe detective work.

Two years ago it started focusing on the information technology industry, aiming to create

“a cross-industry comparison to generate some healthy competition on environmental performance,” Mr. Ma said. Now it is doing the same to the textile industry.

The institute’s database has been instrumental in pushing companies to change, despite the fact that it has no regulatory authority, said Lorrae Rominger, deputy director of the Goldman Prize. “The information was there, but it was not being distributed,” she said.

Mr. Ma also impressed the prize selection committee by managing to stay in the government’s good graces, Ms. Rominger said. “We’ve given the prize to other people from China who have had a really difficult time because they’ve upset the government,” she said. “He’s figured out a way to inform and educate citizens without the government hassling him or shutting him down.”

To help the institute reach out to multinational companies, Mr. Ma contacted the Natural Resources Defense Council, the U.S. environmental action group based in New York.

“Ma Jun is culturally bilingual,” said Linda Greer, director of the council’s health program. “He seems to really understand the world in a cosmopolitan and sophisticated way.”

“This database is an accountability mechanism for multinational corporations,” she added.

When the institute reached out to top information technology companies in April 2010, most eventually began a dialogue with it and started using its database to check their suppliers. Apple resisted, saying the release of suppliers’ names would jeopardize trade secrets.

The institute and its nonprofit partners responded by writing two reports about Apple last year, identifying suppliers and documenting environmental violations through its own research.

After the publication of the second report, Apple finally approached the institute to set up a five-hour meeting, Mr. Ma said.

“It was a meeting of two ends of the world,” said Ms. Greer, who was present. “It’s a Chinese activist, who sees one end of this operation, these factories where there’s giant environmental damage. And then there’s corporate headquarters that are literally not even believing that that is the case.”

Yet, the meeting ended well, Mr. Ma and Ms. Greer said, as did subsequent meetings.

“So far they have conducted special audits on 14 suppliers cited in our report and identified problems,” Mr. Ma said. “And they’re pushing them to take corrective action.”

Apple declined to comment on the record as to whether the pressure from Mr. Ma’s institute had been a factor in its decision to rethink its policies. Instead, its press representative pointed to its 2012 report, which says in part:

“In 2011, in addition to our standard audits, we launched a specialized auditing program to address environmental concerns about certain suppliers in China. Third-party environmental engineering experts worked with our team to conduct detailed audits at 14 facilities. We uncovered some violations and worked with our suppliers to correct the issues.”

“There is no question that Ma Jun’s report sparked the in-depth environmental audits,” Ms. Greer said. “They went to the factories he listed.”

Ms. Greer praised Apple for its response, but said she would like to see more. The audit results published in the 2012 report were “not utterly transparent,” she said. “It didn’t name names and all violations.”

To conduct the audits, Apple hired a Chinese company recommended by Mr. Ma. While corporate-paid audits are a first step, most nongovernmental organizations, including the N.R.D.C. and Mr. Ma’s I.P.E., would like to see results validated by third-party auditors.

For that reason, “we require the audits to be supervised by NGOs,” said Mr. Ma, adding that his institute hoped to review Apple’s audits when possible.

In the bigger picture, both Mr. Ma and Ms. Greer hope to help multinational companies innovate ways to manage their supply chains.

“Obviously, it is complicated because they don’t even have a contractual relationship with those further upstream,” said Mr. Ma, adding that he would like to see companies manage their suppliers so that each factory in the chain managed the suppliers doing direct business with it. Ideally, at each step, companies would be required to use public information to do their own screening.

Still, it might be unreasonable to ask companies to be “mindlessly comprehensive,” Ms. Greer acknowledged. Instead, she suggested, they could use Mr. Ma’s database to focus on critical spots in the chain with the greatest potential for environmental damage.

“We are not trying to destroy any business,” Mr. Ma said in August. “We appreciate their contribution to our society. But we just can’t accept them making their profits at the expense of others’ interests.”

This article has been revised to reflect the following correction:

Correction: April 25, 2012

A previous version of this article wrongly identified the founder of the Goldman Prize won this year by Mr. Ma. The founder’s name is Richard Goldman, not Ronald Goldman.