

# GUIDE ON DISPOSABLE PLASTIC REDUCTION MANAGEMENT RULES FOR E-COMMERCE PLATFORMS



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## About Plastic Free China

Registered in 2018 as Guangzhou Plastic Free China Environmental Consulting Co., Ltd., Plastic Free China is an environmental organization specializing in promoting solutions to plastic pollution in China, with an aim to eliminate such pollution in life and the environment through corporate advocacy, public education and policy recommendations.

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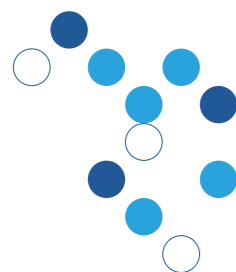
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# EXECUTIVE SUMMARY



While online retail is playing an increasingly significant role in the national economy with its development, the environmental impacts caused by its business shall not be ignored. The most prominent impact is the extensive use and disposal of express delivery and takeaway packages. Since the release of the "Opinions on Further Strengthening the Control of Plastic Pollution" by the National Development and Reform Commission and the Ministry of Ecology and Environment in 2020, various regulations and normative documents related to plastic pollution and the healthy development of the e-commerce industry have emphasized the primary responsibilities of e-commerce and food delivery platforms in disposable plastics reduction. The "Administrative Measures for the Use and Reporting of Disposable Plastic Products by Business Operators"<sup>1</sup> issued by the Ministry of Commerce on May 10, 2023 provides how e-commerce and food delivery platforms should fulfill their governance responsibilities, especially with respect to managing and supervising the use reduction of disposable plastics by platform merchants. This Guide aims to assist platform enterprises in exploring the establishment of management rules for reducing disposable plastic products among merchants. It seeks to quickly meet regulatory requirements and avoid compliance risks upon the implementation of the "Administrative Measures for the Use and Reporting of Disposable Plastic Products by Business Operators".

The increased wastes generated from express delivery packages have become the primary source of increased urban solid wastes in large and medium-sized cities in China<sup>2</sup>. Due to difficulties in recycling, the majority of disposable plastic packages from takeout and express delivery end up being mixed with household garbages and incinerated or buried. In addition to the efforts of postal and express delivery industry, e-commerce and food delivery platforms play a crucial role in packaging reduction governance. One of the core elements of platform's implementation of their environmental governance responsibilities is managing, standardizing, and supervising relevant parties including the platform merchants within the platform ecosystem to ensure environmental compliance and sustainable development.

Although there are no unified standards for the division of responsibilities between platforms and merchants in environmental compliance in various countries and districts around the world, the boundaries of platform's green management responsibilities have been expanding with the continuous introduction of national laws and regulations in recent years. The "Guidelines for Implementing Entity

Responsibilities of Internet Platforms (Draft for Solicitation of Opinions)" clearly states that platform operators should fulfill their legal and regulatory environmental protection responsibilities and promote the reduction and recycling of packaging by platform merchants.

On the one hand, platforms have an unshirkable responsibility for disposable plastic packaging reductions by their merchants. On the other hand, platforms possess advantages and capabilities that merchants lack in advancing packaging reduction efforts. Past practices have shown that platform enterprises have driven their merchants to undertake a series of packaging greening attempts with significant results. For example, Meituan has introduced the "Sustainable Catering Merchant Guidelines" and "Practical Handbook for Sustainable Catering Merchants" for its merchants, providing guidance on packaging reduction and sustainable dining. E-commerce platforms such as JD.com have collaborated with major brands to incentivize packaging reduction and delivery using original packaging. Establishing packaging reduction management rules for all platform merchants by platforms is the foundation for institutionalizing these scattered efforts of plastic reduction by merchants with lasting effects.

This Guide outlines relevant policies, laws, regulations, and domestic and international case studies on e-commerce and food delivery platforms, and summarizes the core elements of plastic reduction management rules. The management rules refer to the rules or guiding policies established by the platforms for platform merchants regarding the reduction of disposable plastic packaging in the retail and takeaway sectors. The Guide suggests that platforms shall establish a long-term, dynamic, and closed-loop management system consisting the dimensions of merchant entry agreements and commitments, information collection and reporting, supervision and inspection, rewards and penalties, and exit mechanisms.

Based on the above, the Guide provides a reference framework and example of management rules for disposable plastic products reduction by platforms. Platform enterprises can refer to this framework to develop their own platform rules suitable for their specific businesses. After the implementation of relevant regulations, they can quickly adapt to regulatory requirements and drive platform merchants to collectively achieve green and sustainable development.





## 01



# PLATFORM PLASTIC REDUCTION MANAGEMENT RULES: KEY TO SUPERVISION AND MANAGEMENT OF MERCHANTS' PLASTIC REDUCTION

With the rapid development of the online platform industry, the role of the platform economy has become increasingly prominent in the national economy. From 2015 to 2020, the total value of digital platforms in China with a value exceeding 1 billion US dollars increased from 770.2 billion US dollars to 3.5043 trillion US dollars, with an average compound annual growth rate of 35.4%. Even in the context of global economic downturn in 2020, China's digital platform enterprises still achieved a remarkable growth rate of 56.3%, demonstrating strong economic vitality and resilience. By the end of 2020, there were 197 digital platform enterprises in China with a market value exceeding 1 billion US dollars each, and a total value of 3.5 trillion US dollars<sup>3</sup>.

As the largest enterprises in the platform economy in respect of market values, online retail and food delivery platform enterprises have continuously expanded their industry scale and penetration in social retail. However, the sharp increase in the amount of disposable plastic packaging from online retail and food delivery platforms poses a key challenge to the green and sustainable development of the industry. The increase in wastes generated from packaging materials has become the main source of increased municipal solid wastes in large and medium-sized cities in China. Due to difficulties in recycling and the high regeneration cost, about 99% (mass ratio) of plastic packaging wastes are mixed with household wastes and incinerated or buried<sup>4</sup>. In the case of the food delivery industry, if an average of 2 plastic packaging items are used per order, the food delivery industry generates more than 30 billion plastic meal boxes annually<sup>5</sup>, which faces difficulties also in recycling.

Therefore, since the release of the "Opinions on Further Strengthening the Control of Plastic Pollution" by the National Development and Reform Commission and the Ministry of Ecology and Environment in early 2020, the e-commerce and food delivery platforms have been a focus of attention in policies and regulations related to plastic pollution control. The boundaries of platform enterprises' responsibilities for green management have been continuously expanded through relevant laws, regulations, and normative documents. Proactively managing merchants' environmental compliance has become an important part of platforms' own compliance.



## 01-1 .....

## Complying with Regulatory Requirements and Reducing Compliance Risks of Platforms and Merchants

In 2021, nine central government agencies including the National Development and Reform Commission jointly issued the "Opinions on Promoting the Healthy Development of the Platform Economy" (the "Opinions"), which established a comprehensive regulatory system for the regulation and healthy development of the platform economy. For this new form of economy, the "Opinions" emphasized the importance of establishing and improving rule systems, and stated the need to "clarify platform responsibilities, strengthen the responsibilities of super-large internet platforms, establish a platform compliance management system, and form an effective external supervision and evaluation system for platform compliance." E-commerce platform enterprises have realized that compliance and rules construction are of utmost importance to achieve healthy and sustainable development of the platform. In the "Guidelines for Implementing Entity Responsibilities of Internet Platforms (Draft for Soliciting Opinions)," it is explicitly stated in the environmental protection section that "internet platform operators shall fulfill their environmental protection responsibilities stipulated by laws and regulations, and promote the implementation of green e-commerce concepts and the reduction and recycling of product packaging by platform merchants." This indicates that the reduction of merchants' disposable plastic products is included in the platform's governance responsibilities and cannot be avoided as part of the platform's environmental protection responsibilities.

Specifically with respect to the laws, regulations and policy guides in the field of green development and plastic pollution, in addition to the requirements for platforms to set goals, measures and action plans for plastic reduction, the construction of relevant rules and policies for platform companies' plastic reduction has also become a regulatory focus. The "Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid

Waste" as amended in April 2020 states that "e-commerce platform enterprises, express delivery enterprises, and food delivery enterprises should report the use and recycling of disposable plastic bags and other plastic products to the competent departments of commerce and postal services in accordance with relevant national regulations." The "Action Plan for Plastic Pollution Control in the 14th Five-Year Plan" released in September 2021 requests (the Ministry of Commerce as the leading department) to urge and guide platforms such as e-commerce and food delivery, and express delivery enterprises to establish platform rules for disposable plastic products reduction. Subsequently, the Ministry of Commerce issued the "Measures for the Reporting of Use and Recycling of Disposable Plastic Products in the Commercial Sector (Trial)" and the "Administrative Measures for the Use and Reporting of Disposable Plastic Products by Business Operators", which further specify requirements for e-commerce and food delivery platforms to develop rules for reduction of and report on the use and recycling of disposable plastic products.

In the "Administrative Measures for the Use and Reporting of Disposable Plastic Products by Business Operators" issued in May 2023, penalties are stipulated for e-commerce and food delivery platforms that fail to report the use of disposable plastic products as required. The specific content of the report includes the platform's formulated rules encouraging merchants to reduce the use of disposable plastic products. Accordingly, local commercial authorities will conduct supervision and inspection on the "double random, one public" (randomly selected entities by randomly selected inspectors and the public release of inspection results), the focuses of which are not only on the implementation of regulations on the use of disposable plastics, but also on the formulation of platform rules by e-commerce platforms (including food delivery platforms).



01-2 .....

## Implementing The Green Governance Responsibility of Platforms and Empowering the Synergic Transformation of the Platform Ecological Transformation

On the one hand, the national policies and regulations have continuously expanded the boundaries of the green management responsibilities of platform enterprises. On the other hand, due to their unique economic form, the platform enterprises have the ability and advantages to bring about economic and social transformation. Digitally-driven platform enterprises have brought unprecedented connectivity and collaboration, with the potentials to drive collaborative efforts among platform ecosystem participants and address social and environmental problems in a systematic and scalable manner. As the core of the ecosystem, the platform enterprises should actively extend corporate sustainable development strategies to partners in the ecosystem and jointly promote the resolution of environmental issues.

The reduction and management of disposable plastic packaging involve enterprises along the supply chain, including packaging suppliers, e-commerce and food delivery platforms, platform merchants, and express logistics enterprises, among others. To achieve effective packaging reduction in the e-commerce and food delivery industry, it requires coordinated governance led by relevant government departments. At the same time, platforms, as the core hubs in the value chain, shall fulfill their management responsibilities that differ from ordinary market entities while enjoying the "platform powers"<sup>6,7</sup>.

Retail e-commerce and food delivery platforms have made a number of attempts in packaging plastic reduction for delivery and takeout, which have shown certain effects

### GREEN ECOLOGY



The picture is provided by Fuhai, Fuhai reusable express box



The picture is provided by Shenzhen Huidu Technology Co., Ltd., reusable express box

with respect to greening of packaging for self-operated businesses in particular. At the same time, for the large number of merchants on the platforms, how the platforms shall promote these merchants' actions in packaging procurement, use, and reduction poses a challenge to the platforms, but it should also be seen as a part of the platform's own management responsibilities. Taking carbon reduction as an example, under the guidance of China's carbon peak and carbon neutrality goals<sup>8</sup>, various platforms have introduced their own carbon reduction targets and plans. Most platform enterprises can disclose and promote carbon reduction targets for Scope 1 and Scope 2 carbon emissions, as they are carbon emissions generated by their own operations. However, an increasing number of stakeholders, including academic institutions, environmental organizations, and ESG-related think tanks and research institutions, are calling for platforms to share carbon reduction responsibilities for platform merchants<sup>9,10</sup>. Since a large portion of the products and services sold on the platforms come from platform merchants, their carbon emissions and environmental footprints are particularly worth attention and effective governance. EBay, for example, has included the logistics and delivery emissions of its sellers in the calculation of Scope 3 carbon emissions since 2020<sup>11</sup>.

In terms of e-commerce delivery and take-out packaging, platform merchants, especially small-scale sellers, have limited motivation and capacity for plastic reduction. Platforms impose significant influences on their merchants through their control of data, traffic, marketing, and financial services, and such influences should also be extended to environmental issues such as packaging reduction.

Platforms can utilize their data advantages, technology, and innovation capabilities to assist merchants in reducing plastic. Specifically, platforms can stimulate and invest in innovative solutions for packaging plastic reduction, provide necessary training, and offer green packaging supply options to merchants to enhance their awareness and capabilities in plastic reduction. Platforms can manage merchants' plastic reduction actions and enhance the effectiveness of their plastic reduction by formulating rules for platform entry, exit, incentives, and penalties. Through consumer engagement and education, platforms can help merchants gain greater brand reputation and consumer recognition through packaging innovation. Establishing platform-specific packaging reduction management rules is the foundation for institutionalizing these actions with long term effects.

# 02






## PRACTICES OF MAKING PLASTIC REDUCTION MANAGEMENT RULES BY PLATFORM ENTERPRISES

In driving the participation of all stakeholders in the platform ecosystem towards sustainable development, platforms often have established certain number of internal management mechanisms to enhance the sustainability of their value chain. For example, e-commerce platforms such as NetEase Yanxuan, JD Logistics, and Alibaba have implemented screening, auditing, and monitoring mechanisms to manage the environmental compliance and sustainable operations of their suppliers.



**Table 1: Supply chain environmental protection and sustainable development management policies of certain e-commerce platforms**



Platform	Supply Chain Environmental Protection and Sustainability Management Rules	Source
 NetEase Yanxuan	NetEase Yanxuan incorporates the Notification Letter to Relevant Parties on Environmental Protection, Occupational Safety and Health into the supply agreements to request its suppliers to bear the environmental and social responsibilities.	2021 Environmental, Social and Governance Report of NetEase
 JD Logistics	The supplier management of JD Logistics includes the screening and reviewing policies based on environmental and social factors. At the stage of supplier screening and shortlisting, JD Logistics considers not only suppliers' quotation and supply capacity but also the relevant requirements of environmental protection.	2021 Environmental, Social and Governance Report of JD Logistics
 Alibaba	Alibaba made green qualification requirements for suppliers and published the green supplier labeling system. In 2022 fiscal year, Alibaba launched the Alibaba Supplier ESG Code of Conduct, which lays out standards in six key environmental areas and evaluate the performance of suppliers. These areas include pollution prevention, resource saving, hazardous substances, waste management, greenhouse gas emissions and water resource.	2022 Environmental, Social and Governance Report of Alibaba
 Vipshop	In its updated Procurement Management Specifications, Vipshop has introduced ESG audit factors in the process of supplier selection, introduction, performance evaluation and exit process, which include requirements such as environment protection. In cases where potential suppliers have the same certifications, those who have obtained ISO 9001 quality management system certification and ISO 14001 environmental management system certification are preferentially selected.	2021 Environmental, Social and Governance Report of Vipshop

The platform's green management mechanisms for suppliers should also be extended to platform merchants under the requirements of policies and regulations on disposable plastic reduction. Both domestic and foreign e-commerce and food delivery platforms have already begun some initiatives in this regard. Existing practices of platform on the management rules of disposable plastics mainly involve two aspects: onboarding requirements and incentive/punishment mechanisms.

- 1 Informing and requiring merchants during the onboarding phase:**
  - Platforms can include mandatory legal requirements for plastic reduction as a precondition for merchants to join the platforms. For example, merchants may be required to sign a voluntary commitment letter, pledging to comply with national regulations on the prohibition and restriction of disposable plastic products.
- 2 Incentives or penalties for platform merchants' packaging reduction measures:**
  - Platforms can set standards, provide solutions, and offer technical support to help merchants innovate their packaging and provide corresponding incentives or penalties to regulate merchants' packaging usage and reduction actions.

In the future, platform enterprises can expand and update these measures, covering more dimensions and formulating more comprehensive rules to make merchants' plastic reduction management more sustainable, so as to comply with new policies and regulations.

**Table 2: Major food delivery platforms have incorporated some merchants' packaging usage into platform rules**

Platform	Platform rules	Disposable plastic usage rules	Penalty Rules for Violation
 Eleme	"Management Rules on Misconducts of Catering Merchants" (Effective Date: May 25, 2023)	Chapter III Misconducts Violations (3) Other Misconducts violations: Failure to provide cutlery, packaging, etc. as requested 1. The merchant provides cutlery when the users opt out of cutlery; 2. The take-out cutlery or food packaging, take-out seals, etc. used by the merchant do not comply with the provisions of the platform, national or local laws and regulations.	<ul style="list-style-type: none"> <li>• Punished by warning for the first and second time of offense;</li> <li>• Punished by suspension of business for 2 hours between 11:00 and 13:00 the next day for the third time offense and above</li> </ul>
 Meituan	Implementation Rules of Management of Merchants' Misconducts in Trading of Meituan Food Delivery Platform" (effective date: March 21, 2023)	Article 11 Failure to provide cutlery as requested in the environmentally friendly orders. The merchant provides cutlery actively though the users opt out of cutlery (referred to as "environmentally friendly orders"), failing to respond the call for sustainable consumption.	<ul style="list-style-type: none"> <li>• Punished by warning in case there are more than 4 counts of proactively providing cutlery for "environmentally friendly orders" reported by consumers within a calendar month.</li> <li>• Punished by deducting 2 points for each count of misconduct in case there are more than 5 counts of proactively providing cutlery for "environmentally friendly orders"; and the amount of orders with proactively provided cutlery accounts for ≥ 50% within a calendar month;</li> <li>• Punished by deducting 10 points for each count of misconduct in case of repeated violations and failure to rectify.</li> </ul>

Source: Ele.me Rule Center<sup>12</sup>; Meituan Rule Center<sup>13</sup>



## ➤ Meituan Merchant Packaging Management Rules

Although the food delivery industry has been expanding its self-operated business in recent years, the food delivery still relies primarily on the platform plus merchants model to connect a great number of catering businesses with consumers. Therefore, the food delivery sector has acted relatively early in the establishment and exploration of mechanisms and systems for managing disposable plastic products in merchant packaging. Taking Meituan as an example, Meituan's "Blue Mountain Project" not only takes actions on establishing a green packaging supply chain, promoting the marketization of takeaway box recycling and consumer guidance, but also explicitly states that it shall establish operational standards to incorporate environmental requirements into merchants' daily operations.

During the on-boarding process, Meituan includes environmental clauses in the agreement with merchants, requiring merchants to use environmentally friendly utensils and packaging and reduce the use of disposable plastic products. For the management of environmentally friendly orders (the implementation of the opt-out option of disposable cutlery for consumers), the platform has established reward or penalty mechanisms for merchant compliance. For the numerous small and large catering businesses on the platform, the formulation of rules, coupled with relevant publicity guidance, inspections and supervisions, is necessary to create a collective effort to reduce disposable plastic products in the entire industry.



## ➤ Amazon's Frustration-Free Packaging (FFP) Program

Amazon's efforts in reducing packaging weight and avoiding secondary packaging have led to a 38% reduction in the per-shipment packaging weight since 2015. In its journey of collaborating with merchants for plastic reduction, Amazon introduced the Frustration-Free Packaging (FFP) Program. Since 2021, Amazon has encouraged its merchants to participate in the FFP Program by providing incentives and 2 million products in the year reached the FFP standards<sup>14</sup>.

As soon as a participating merchant has passed the test, provided evidence of packaging improvements, and

registered for the program, Amazon will then reimburse the merchant certain fund for each qualifying package<sup>11</sup>. Through this program, Amazon has driven tangible improvements in merchant packaging, been able to quantify the results of improvements (compared to their previous packaging used by merchants), and provide financial incentives through such quantified results. In other words, the Frustration-Free Packaging Program embodies a closed-loop management mechanism employed by the platform to manage merchant packaging improvements through the establishment of standards, verification, evaluation, and incentives.



### I 1. Incorporating Sustainability into Platform Rules

Through measures such as establishing business norms, highlighting environmental protection rules, and optimizing incentive mechanisms, we have integrated environmental protection requirements into merchants' daily operations, and assisted merchants to better achieve a balance between economic and environmental benefits.

#### Establish platform environmental protection rules

**Environmental clauses are included in merchant agreements.** The agreement requires merchants to use environmentally friendly cutlery and packaging that meet national and industry standards, and reduce the use of disposable plastic products in accordance with the law.

**Strengthen the management and control of "environmentally friendly orders".** In 2017, Meituan was the first in the industry to launch a "opt-out cutlery" option. Meituan continues to optimize the "opt-out cutlery" (environmentally friendly orders) business rules. If a merchant still offers cutlery though a user has selected the "opt-out cutlery" option, and the users' feedbacks on such events against such merchant exceed a certain amount, Meituan will issue a warning to the merchant and the merchant's platform points will be deducted for such violation.

**Internet traffic support for environmentally friendly merchants.** For merchants that actively support the "opt-out cutlery" function, Meituan will light up the "Low-Carbon Consumption" medal on the merchant's Blue Mountain profile page; for merchants with a 100% favorable rate in the monthly cutlery environmental protection survey, Meituan Waimai will reward the merchants with the app homepage advertising space opportunities.

Source: Progress Report on the 5th Anniversary of the Meituan Blue Mountain Project

Incentive examples, Amazon FFP Incentive Program

Size range	SIOC incentive	FFP Incentive	Incentive per cubic inches box volume reduction
Eligible Sort	\$0.0810	\$0.0810	\$0.0011
Eligible Non-Sort	\$0.5450	\$0.5450	\$0.0006

Source: Amazon. Improving packaging, overview. <https://www.aboutamazon.com/planet/improving-packaging/overview>

## > Cooperation between JD Logistics and Brands

The platform's management rules for reducing disposable plastic apply to all merchants on the platform. It is the broad coverage of these rules that can bring about industry-level transformation. In order to achieve significant results, the platforms often choose to start with cooperating with large brands. For example, food delivery platforms may collaborate with large restaurant enterprises, while e-commerce platforms may partner with brands that have strong motives for sustainable development. JD Logistics incentivizes brands to implement original packaging through preferential policies. Thousands of SKUs from brands such as Procter & Gamble, Unilever, Yunnan Baiyao, and BRITA can now be directly shipped in their original packaging, reducing the use of delivery cartons by more than 2 billion per year.

At the same time, JD Logistics also encourages brands to use circular boxes when packing and offers centralized storage and management of these boxes in JD Logistics warehouses. Eventually, the circular boxes are returned to the brand manufacturers in batches for recycling. JD Logistics has already initiated circular box programs with dozens of brands including Procter & Gamble, Unilever, PROYA, and DNLNXIR<sup>15</sup>.

Both brands and platforms have their own brand influence on consumers. In promoting environmentally friendly choices among consumers, the cooperation between platforms and brands can better encourage consumers' participation. For example, in the formulation of platform rules for plastic reduction management, platforms can incorporate the targets for the use of reusable boxes/bags into the incentive programs for merchants, therefore platforms can promote the multi-player participation and collaboration, breaking the current deadlock of relying mainly on express logistics enterprises. Brands and platforms can promote consumer participation in the selection and return of reusable boxes/bags by providing options for reusable packaging, consumer incentives, usage guidance, and more. These actions not only contribute to the scalability of reuse packaging but also enhances corporate brand value and consumer experience and loyalty.

### Collaborating with Ecosystem Partners for Environmental and Social Values

#### Collaborating with Brands

##### JD logistics Builds an Eco-friendly Playground with P&G Greater China

On the eve of World Environment Day in 2021, JD Logistics collaborated with P&G Greater China in celebrating the opening of the eco-friendly playground project "Do our best to reshape the new life" in Suqian School of Nanjing Foreign Language School Xianlin Campus of Jiangsu province. This eco-friendly playground is made of waste materials, such as waste plastic bottles collected by the green supply chain system of JD Logistics. P&G Greater China, as one of the first batch of cooperative brands of the "Green Stream Initiative," has continuously carried out innovative cooperation with JD Logistics in the development of a green supply chain and jointly developed the first simple packaging carton, the first original packaging of shampoo customized for e-commerce platforms and the first green recycling box in China. In the future, the cooperation will continue to strengthen pilot projects in green logistics, packaging, and recycling and create an ecosystem where brands, platforms can benefit all consumers. Both brands will jointly promote the landing of green projects and promote global business sustainability.

##### Nestle Environmentally Friendly Warehouse

JD Logistics constantly explores the reusing of resources in warehousing, In the green warehouse built for Nestle, recycling cardboards are used instead of wrapping film to reduce the consumption of disposable plastic products in warehousing and racking. Recycling cardboards have a longer service life and can be reused to avoid the production of white garbage.

##### Adopting Circular Boxes of Brand Partners in Warehousing

JD Logistics takes platform advantage and encourages brand partners to use recyclable boxes in packing. JD Logistics warehouses will manage circular boxes from partners in a unified way and returns them to brand factories in batches to fulfill the process of recycling Presently, JD Logistics warehouses have adopted circular boxes from dozens of brands such as P&G, Unilever, PROYA, and DNLNXIR.

Source: Source: JD Logistics 2021 ESG Report

# 03



## INTRODUCTION TO DISPOSABLE PLASTIC REDUCTION MANAGEMENT RULES OF PLATFORMS



### 03-1

#### Application Scope and Targets of Disposable Plastic Reduction Management Rules of Platforms

The reduction of disposable plastic in the express delivery and food delivery sectors involves various players in the plastic packaging value chain, including packaging suppliers, e-commerce platforms, platform merchants, express logistics enterprises, and consumers. Platform enterprises have varying degrees of influence over the players in the value chain. Retail e-commerce and food delivery platforms have both self-operated business and marketplace businesses, and the platform's control over packaging choices and reduction measures is more straightforward in the case of self-operated model compared to marketplace models.

The platform disposable plastic reduction management rules discussed in this Guide mainly focus on how the platform manages the use of plastic packaging by merchants under the marketplace model. In the marketplace model, the use of packaging is often mainly the behavior of merchants and express delivery enterprises lacking the participation of e-commerce platforms. This Guide aims to fill this gap, and this is also a clear requirement that has been put forward in many policies and regulations on plastic pollution control. If platform enterprises can formulate plastic packaging reduction management rules for merchants, then the rules can also be applied to the self-operated businesses and supply chains controlled by them.



03-2

## Key Elements of Disposable Plastic Reduction Management Rules of Platforms

The platforms and platform merchants define their rights and obligations through service agreements and transaction rules. According to the "E-Commerce Law of the People's Republic of China", e-commerce platform operators should adhere to the principles of openness, fairness, and impartiality, establish platform service agreements and transaction rules, and clarify rights and obligations related to aspects including platform entry and exit, product and service quality assurance, consumer rights protection, and personal information protection. The platform service agreements and transaction rules should be continuously disclosed for easy access by merchants and consumers. The management rules discussed in this Guide focus on the platform's management constraints and guidance for reducing disposable plastic packaging in the retail

e-commerce and food delivery sectors. These rules can be incorporated into the platform's service agreements with merchants as part of their environmental compliance or can be formulated as independent management standards applicable to all platform merchants.

Based on the analysis of relevant policies, regulations and corporate practices, this Guide recommends that platform enterprises shall establish long-term, dynamic, and closed-loop management systems in the formulation of management rules, which should cover dimensions such as merchant entry agreements and commitments, information collection and reporting, supervision and inspection, incentives and penalties, and exit mechanisms.

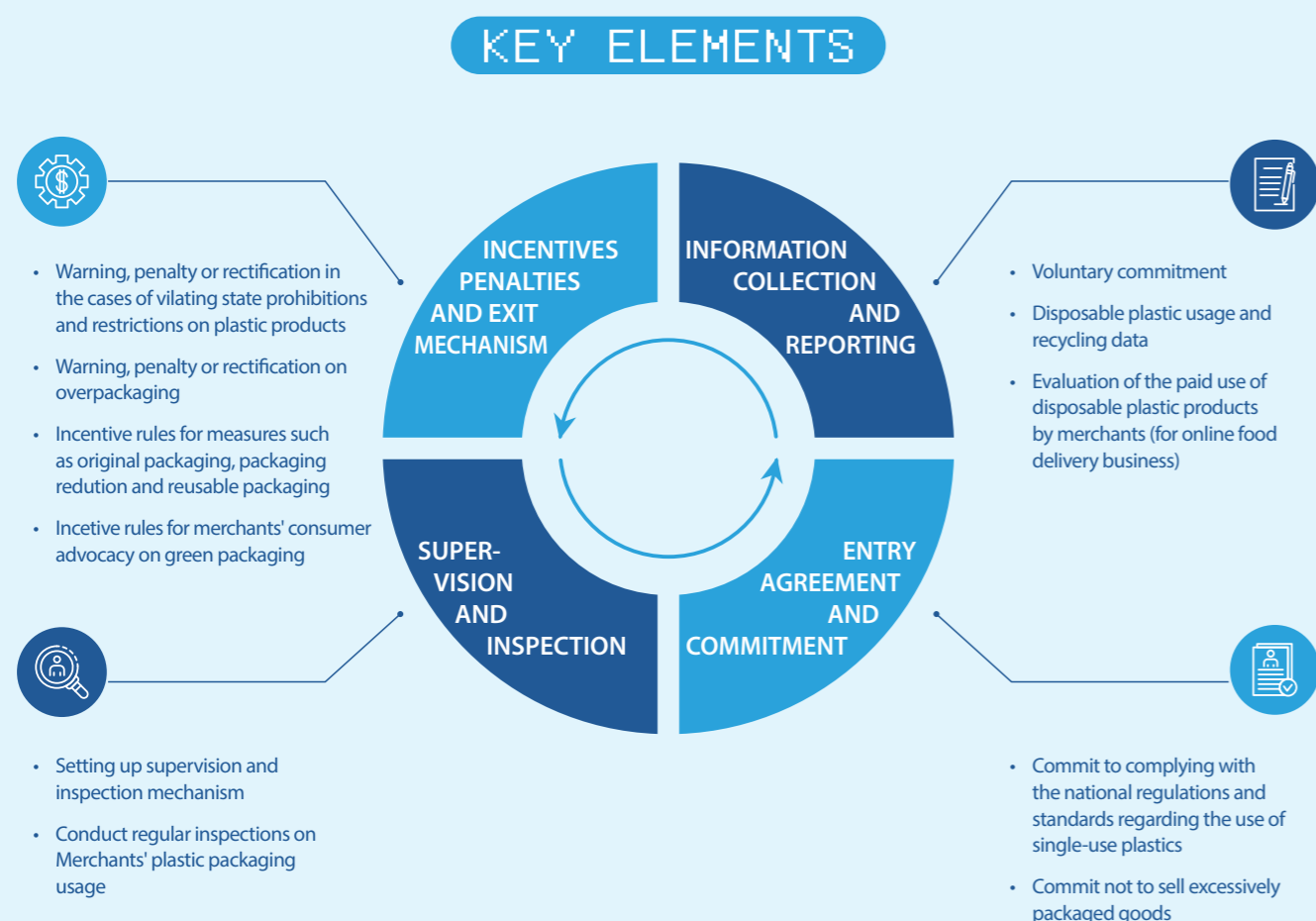


Figure 1: Core Elements of Disposable Plastic Reduction Management Rules for E-commerce Platforms

### Entry Agreement and Commitment

During the merchant on-boarding phase, the platform incorporates the rules related to disposable plastic reduction into the platform service agreement or signs a separate agreement, requiring merchants to comply with the national regulations and standards regarding the use of disposable plastics. This includes adherence to the plastic product prohibition and restriction management standards as stipulated in the "Opinions on Further Strengthening Plastic Pollution Control" and the non-sale of excessively packaged goods as stated in the "Notice of the General Office of the State Council on Further Strengthening the Governance of Excessive Packaging of Goods." The basic requirements specified in the entry commitment represent the bottom line for legal operation for merchants and the platform. According to the "E-Commerce Law of the People's Republic of China," e-commerce operators are required to sell products or provide services that meet the requirements for safeguarding personal and property safety and environmental protection. They are prohibited from selling or providing goods or services prohibited by laws and administrative regulations. The platform should ensure comprehensive, truthful, accurate, and timely disclosure of information about goods or services, refrain from using misleading commercial promotions, and avoid deceiving or misleading consumers. Merchants should not use plastic products that do not meet the standards or attempt to circumvent plastic prohibition and restriction regulations through misleading advertising.

During the merchant onboarding phase, considering the relevant provisions of the "Administrative Measures for the Use and Reporting of Disposable Plastic Products by Business Operators", the platform should require merchants to sign a voluntary commitment letter for the use of disposable plastic products, actively committing to understanding and complying with the national prohibition and restriction regulations. At the same time, the platform should provide a support system, such as promoting relevant policies and regulations, recommending catalogs for purchasing green packaging from suppliers, etc., to empower merchants with knowledge, skills, and resources for compliance with national policies and regulations related to plastic waste reduction.

### Information Collection and Reporting

Since the implementation of the "Measures for Reporting the Use and Recycling of Disposable Plastic Products in the Commercial Field (Trial)", platform enterprises have been reporting the use and recycling of disposable plastic products to the commercial authorities, which includes data from merchants. The "Administrative Measures for the Use and Reporting of Disposable Plastic Products by Business Operators" further refine the reporting of disposable plastic usage and recycling data for platform self-operated businesses and merchants. Therefore, the collection and consolidation of relevant data from merchants are necessary for platform compliance, and the platform should clearly define the obligations and methods for merchants to provide relevant data in the management rules.

### Supervision and Inspection

A normalized management system requires the platform to conduct regular inspection and assessment of merchants' use of disposable plastics. On the one hand, this allows the platform to have a better understanding of the actual use of disposable plastics by merchants and prepare the assessment report required by the "Administrative Measures for the Use and Reporting of Disposable Plastic Products by Business Operators." On the other hand, it enables the platform to take warning and appropriate punitive measures against any violations as detected. As the platform bears a management responsibility beyond that of general market participants, it should establish a long-term supervision mechanism for merchants' use of disposable plastics rather than passively waiting for supervision and inspections by national regulatory authorities such as the Market Supervision Administration.

### Incentives Penalties and Exit Mechanism

The platform links the compliance and effectiveness of merchants' disposable plastic reduction efforts to a system of rewards and punishments. This can be achieved through subsidies (cost reductions, discounts, direct bonuses, etc.), marketing support, internet traffic support, merchant rating system, etc., to incentivize merchants to reduce packaging and plastic waste. For merchants found to be violating the rules by selling or providing disposable plastic products that are prohibited or restricted by the state, or engaging in excessive packaging, the platform should have mechanisms of punishments of various severity such as warnings, downgrading of merchant ratings, and exit mechanisms.

# 04



## REFERENCE FRAMEWORK OF DISPOSABLE PLASTIC REDUCTION MANAGEMENT RULES OF PLATFORMS

The "Administrative Measures for the Use and Reporting of Disposable Plastic Products by Business Operators" published in May 2023 explicitly states in Article 11 that e-commerce platforms (including food delivery platforms) should establish platform rules to encourage merchants on the platform to reduce the use of disposable plastic products in the express packaging and food delivery. Local commerce authorities will supervise and inspect the formulation of platform rules by e-commerce and food delivery platform enterprises. Therefore, the formulation of platform rules for managing merchants' use of disposable plastics has become a mandatory requirement for platform enterprises.

Based on the analysis of relevant policies and regulations, combined with industry practices, this Guide has developed a reference framework for platform disposable plastic reduction management rules. This reference framework covers the core elements of platform disposable plastic reduction management rules identified in this guide, including entry agreements and commitments, information collection and reporting, supervision and inspection, incentives, penalties, and exit mechanisms. Through this reference framework, platform enterprises can quickly develop platform rules that are suitable for their own operations. As policies, regulations, and standards are constantly updated and issued, platform rules and their appendices should be revised and updated as needed.



Table 3 : Reference framework for platform plastic reduction management rules

Reference framework for platform plastic reduction management rules			
Fundamental Rules	Secondary Rules	Provisions	Guidance on Rule Formulation
1 General Provisions	1.1 Purpose	1.1.1 The rules are formulated to promote better responses from the merchants on the platform to relevant requirements of national policies and regulations on the reduction of disposable plastic packaging, encourage the merchants on the platform to comply with regulations and work together with the platform towards green transformation and sustainable development.	
	1.2 Bases of Rules	<p><b>1.2.1 Regulation and policy basis</b> These rules are based on the "Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste", "E-Commerce Law of the People's Republic of China", "Action Plan for Plastic Pollution Control in the 14th Five-Year Plan", "Administrative Measures for the Use and Reporting of Disposable Plastic Products by Business Operators", and related normative documents.</p> <p><b>1.2.2 Conceptual basis</b> The rules are based on the corporate social responsibility of the platform, and the vision of green and sustainable development together with platform ecosystem participants.</p>	The regulations and policies are the basis of formulation and legality of these rules, as well as mandatory index and compliance bottom line; the conceptual basis reflects the platform's corporate social responsibility or corporate sustainable development strategies.
	1.3 Scope of Application	These rules apply to merchants operating on the platform.	The scope of application should be clarified. The scope can be expanded to self-operated business suppliers, express logistics suppliers, with corresponding adjustments to the relevant provisions.



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<p><b>2</b></p> <p><b>Packaging management specifications</b></p>	<p><b>2.1</b></p> <p><b>Voluntary Commitment on the use of disposable plastic products</b></p>	<p>Merchants sign a Voluntary Commitment on the use of disposable plastic products.</p>	<p>Article 12 of the "Administrative Measures for the Use and Reporting of Disposable Plastic Products by Business Operators" stipulates that the operators of commodity retail establishments and e-commerce platforms (including food delivery platforms) should urge their merchants to commit to be ware of and abide by the national prohibition and restriction regulations on the use of plastic products. The existing operators shall make a commitment within 60 days of the implementation of these administrative measures.</p>
	<p><b>2.2</b></p> <p><b>Basic specifications for disposable plastic packaging</b></p>	<p><b>2.2.1 Comply with national and local laws and regulations that prohibit the sale or provision of restricted or banned disposable plastic products.</b> This is based on the "Detailed Standards for the Management of Restricted and Banned Plastic Products (2020 Edition)" by the National Development and Reform Commission and local catalogs of restricted or banned items.</p> <p><b>2.2.2 Prohibit the sale of non-compliant "degradable plastics" through false or misleading advertising.</b> Based on GB/T 41010-2021 "Biodegradable Plastics and Products-Degradation Performance and Labeling Requirements" and GB/T 41008-2021 "Biodegradable Drinking Straws"</p> <p><b>2.2.3 Avoid excessive packaging.</b> Based on the "YZ/T 0178-2021 Requirements for Limiting Excessive Packaging of Mail and Express Delivery," mandatory national standard "GB 23350-2021 Requirements for Limiting Excessive Packaging of Goods-Food and Cosmetics" and its Amendment No. 1, and recommended standard "GB/T 31268-2014 General Provisions for Limiting Excessive Packaging of Goods," ensure that goods sold are not excessively packaged.</p>	<ol style="list-style-type: none"> <li>1. According to Article 13 and Article 17 and other provisions of the Electronic Commerce Law of the China , e-commerce operators shall sell goods or provide services that meet the requirements for ensuring personal and property safety and environmental protection, and shall not sell or provide goods or services prohibited from trading by laws or administrative regulations. Comprehensively, truthfully, accurately and timely disclose commodity or service information, protect consumers' right to know, and shall not conduct false or misleading commercial propaganda to deceive or mislead consumers.</li> <li>2. For degradable plastics, relevant national standards such as GB/T41010-2021"Biodegradable Plastics and Products - Performance and Labeling Requirements" and GB/T 41008-2021"Biodegradable Drinking Straws" should be followed to control the performance standards of the products, correctly regulate labeling, and avoid false promotion of non-degradable plastics as degradable plastics for continued sales.</li> <li>3. The "Notice of the General Office of the State Council on Further Strengthening the Governance of Excessive Packaging of Goods" emphasizes the responsibility of e-commerce platforms, urging them to strengthen the verification of the qualifications of merchants and their goods. It also calls for the establishment of a normalized regulatory and enforcement mechanism for the online sales of excessively packaged goods, the investigation and punishment of illegal activities related to excessive packaging. Therefore, excessive packaging by merchants poses compliance risks for both the platform and the merchants.</li> </ol>

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<p><b>2</b></p> <p><b>Packaging management specifications</b></p>	<p><b>2.3</b></p> <p><b>Express packaging standards</b></p>	<p>Express packaging standards.</p> <p>These standards are based on the "YZ/T 0178-2021 Requirements for Limiting Excessive Packaging of Mail and Express Delivery," "GB-T37422-2019 Evaluation Method and Criteria for Green Packaging," "GBT37866-2019 Evaluation of Green Products-Plastic Products," and other national standards, and are provided for reference by the merchants on the platform.</p>	<p>The platform can establish its own standards, which can include a single level of non-excessive packaging standard based on specific circumstances, or 2-3 levels of packaging standards (non-excessive packaging, simple/green packaging, and reusable packaging). Food delivery platforms should establish packaging standards that align with their business characteristics</p>
	<p><b>2.4</b></p> <p><b>Requirements for Reports on the Usage of Disposable Plastic Products</b></p>	<p><b>2.4.1 Requirements for the report on the usage of of disposable plastic packaging materials.</b></p> <p><b>Reporting Period:</b> Once every six months. The reporting periods are from January 1st to July 31st for the first half of the year and from July 31st to January 31st of the following year for the second half of the year.</p> <p><b>Reporting Submission Deadline:</b> The report on the previous reporting period should be completed within XX days, with the first half-year report submitted from XX to XX in July and the second half-year report submitted from XX to XX in January of the following year.</p> <p><b>Reporting Entities:</b> Merchants operating on the platform</p> <p><b>Reporting scope:</b></p> <ul style="list-style-type: none"> <li>• Use and recycling of disposable plastic products;</li> <li>• Merchants on the food delivery platforms also need to report the evaluation of the paid use of disposable plastic products;</li> <li>• Encourage reporting on the use and recycling of alternative products.</li> </ul> <p><b>2.4.2 Checklist for Packaging Material Usage Reports (material names and statistics methods of reporting data)</b></p>	<p>The "Administrative Measures for the Use and Reporting of Disposable Plastic Products by Business Operators" specifies the reporting requirements for both self-operated businesses and merchants. The platform can refer to the statistical reporting requirements for self-operated businesses and impose corresponding reporting requirements on large brand merchants to facilitate the preparation of the "Overall Assessment Report" on the use of disposable plastic products by platform merchants as required in the administrative measures.</p>

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<p style="text-align: center;"><b>3</b></p> <p style="text-align: center;"><b>Platform evaluation system</b></p>	<p style="text-align: center;"><b>3.1</b></p> <p style="text-align: center;"><b>Incentive Mechanism for Disposable Plastic Packaging Reduction</b></p>	<p><b>3.1.1</b> Actions taken by platform merchants to reduce packaging and their quantifiable effects, such as using original packaging, reducing packaging and filling materials, and using reusable packaging.</p>	<p>Reward Rules A</p>	<p>The evaluation rules of the platform can be implemented based on existing merchant rating rules, by rewarding or deducting store ratings in a certain proportion, providing practical incentives/constraints for merchants. There is no need for the platform to add an additional set of evaluation tools.</p>
		<p><b>3.1.2</b> Collaboration between platform merchants and the platform to provide consumers with options and guidance for using green packaging in prominent positions on product pages or store pages; provide guidance and incentives for consumers to use and return reusable packaging.</p>	<p>Reward Rules B</p>	<p>To promote consumer participation, the platform needs to adapt the system, and cooperate with merchants to jointly explore and provide consumers with green packaging options. In the initial stage, platform can focus on co-promoting with leading brand merchants or merchants of specific categories.</p> <p>"Green express packaging" can refer to "GB/T 37422-2019 Evaluation Method and Criteria for Green Packaging", or other green express packaging standards recognized by the platform.</p>
	<p style="text-align: center;"><b>3.2</b></p> <p style="text-align: center;"><b>Penalty rules for violation</b></p>	<p>Merchants selling and providing prohibited and restricted disposable plastic products, packaging excessively, or making false publicity of plastic products in violation of the relevant national and local laws and regulations are subject to warning or punishments. Those merchants who refuse to rectify will be subject to shop closure in case of serious violations.</p>	<p>There are relevant provisions and detailed rules in the "E-Commerce Law of the People's Republic of China", "Opinions on Further Strengthening the Control of Plastic Pollution", "Administrative Measures for the Use and Reporting of Disposable Plastic Products by Business Operators", "Detailed Standards for the Management of Restricted and Banned Plastic Products (2020 Edition)" and other laws and regulations, requiring e-commerce operators or e-commerce platforms to abide by relevant laws and regulations, and not to violate the national regulations on the prohibition and restriction on disposable plastics.</p>	

## GLOSSARY

### E-COMMERCE PLATFORM

In this Guide, the definition of e-commerce platform is the same with the one under the "Administrative Measures for the Use and Reporting of Disposable Plastic Products by Business Operators.", meaning enterprises that provide online business venues, transaction facilitation, information dissemination, and other services for multiple parties involved in e-commerce to conduct independent transaction activities. The e-commerce platforms referred to in this Guide mainly include retail e-commerce platforms and food delivery platforms.

### PLATFORM SERVICE AGREEMENT

The contractual agreement between the e-commerce platform and its users, which outlines all the constraints and requirements for platform operation and management in accordance with laws, regulations, policies, and industry standards. According to the "E-commerce Law of the People's Republic of China," e-commerce platform operators should establish platform service agreements and transaction rules that specify rights and obligations related to entering and exiting the platform, guaranteeing product and service quality, protecting consumer rights, and safeguarding personal information.

### DISPOSABLE PLASTIC PRODUCTS

Disposable plastic products include non-degradable plastic shopping bags, rolled bags, plastic packaging bags (including woven bags), non-degradable disposable plastic food containers, plastic cutlery (knives, forks, spoons), and plastic straws. The specific standards for disposable plastic products are regulated by relevant national provisions, and the scope of disposable plastic products is dynamically adjusted according to national regulations.

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