

CASE STUDY

Engaging the Market: Towards responsible procurement of low emission vehicles

This case study builds on the experience and lessons learned from the market engagement event organised in April 2023 as part of the [Electronics Watch Low Emission Vehicles Programme](#) (LEVP). The following 10 public buyers participated in the market dialogue: Advanced Procurement for Universities and Colleges (APUC), Barcelona City Council, City of Oslo, Federal Institute for Sustainable Development, Flemish Agency for Facility Operations, Greater London Authority (including Transport for London), Metropolitan Transport of Barcelona, Police Hamburg and Hamburger Hochbahn AG.

This event enabled some LEVP participants to share their responsible procurement goals and related requirements with their low emission vehicle suppliers and potential bidders. It was also the opportunity to share the goals of the LEVP and to pave the way for a trust-based dialogue between these parties on human rights and environmental due diligence (HREDD) and transparency.



The legal basis and purpose of market engagement

Preliminary market consultation is embedded in Article 40 of the [EU Directive 2014/24/EU](#) on Public Procurement: 'Before launching a procurement procedure, contracting authorities may conduct market consultations with a view to preparing the procurement and informing economic operators of their procurement plans and requirements.' This article further explains that contracting authorities can seek support and advice from experts for this consultation as long as the principles of transparency and non-discrimination are respected.

Consulting the market serves several purposes. It allows public buyers to inform current

suppliers and potential bidders about their social responsibility strategy and goals, as well as new or proposed future social requirements (e.g. inclusion of tender criteria or contract performance clauses). In addition to giving the market time to prepare to meet these requirements, the exchange allows public buyers to understand any potential challenges to complying with them. This form of engagement allows for open discussions and contributes to trust-building between public buyers and bidders.

For participants in the LEVP, the responsible procurement of low emission vehicles is a priority and, in some cases, a legal obligation. They are committed to developing socially responsible vehicle supply chains in which the rights of workers and affected communities are

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respected. However, this type of transformation requires a similar commitment from their direct suppliers and cooperation with other market actors and stakeholders.

At national and international levels, the demand for transparency in the supply chain is growing. Public buyers and automotive suppliers are both learning how to meet this demand while overcoming related legal, cultural and logistical challenges.

Growing awareness about environmental and human rights harms in global supply chains and an increase in legislation aimed at identifying, preventing and accounting for these harms have contributed to growth in the use of social requirements in public tenders. Because of the evolving regulatory landscape and varying levels of expertise among public authorities, neither these requirements nor their inclusion are harmonised. In fact, they vary considerably from one public authority to another, as well as between similar tenders issued by the same authority. Similarly, automotive and bus manufacturers have different levels of familiarity with these requirements, which sometimes go beyond the legal minimums, and the extent of the harm that gave rise to them. Market engagement, therefore, plays an important role in building a common understanding by allowing public buyers to present and discuss proposed future requirements with the market.

Market engagement as a catalyst for change

The April 2023 market dialogue event coordinated by Electronics Watch convened 26 individuals, including 10 public buyers – all LEVP participants, representatives from bus and passenger vehicle manufacturers, and car resellers.

None of the invited Tier 1 suppliers from the automotive supply chain, e.g. battery cell manufacturers, participated. Despite this, high participation among the other groups and their

willingness to participate in post-event follow-up discussions have enabled stepwise progress towards improved social responsibility.

During the event, the City of Oslo and Transport for London each presented their HREDD strategies and the role of socially responsible vehicle procurement in achieving their respective goals. The two public buyers also shared their expectations regarding how their HREDD strategies will be operationalised in forthcoming procurements of low emission passenger vehicles and buses.

While the two presentations had different areas of focus, their key messages were aligned. Both stressed the importance of achieving greater transparency in their low emission vehicle supply chains, developing ethical sourcing practices, and ensuring that the transition to more environmentally sustainable vehicle fleets does not come at the cost of human rights. Similarly, both the City of Oslo and Transport for London stressed the value of supplier dialogue and stakeholder collaboration for effective HREDD.

In the context of the LEVP, this market engagement event also sought to inform the market about participants' supply chain mapping efforts and the role of companies within these. Electronics Watch introduced its impact model and the LEVP, as well as describing planned follow-up with individual bus and car manufacturers. Participating companies had the opportunity to share feedback thereafter.

Pursuing ongoing dialogue

Market engagement is often the first step towards establishing or strengthening a long-term supplier dialogue process. Once a contract is awarded, it's important for contract managers to monitor and enforce social requirements included in the contract performance clauses throughout the duration of the contract. If compliance issues arise, there should be discussions on when and how the issues should be addressed in a way that facilitates

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continuous improvement and open communication about challenges.

Following the April 2023 market engagement event, Electronics Watch facilitated individual meetings with select bus and passenger vehicle manufacturers and the public buyers they supply. The meetings established an ongoing, confidential and trust-based dialogue between LEVP participants (public buyers) and their suppliers, seven bus and passenger vehicle manufacturers. One bus manufacturer has begun reporting production locations in their supply chain as a direct result of these discussions.

The latter represents a significant milestone towards increasing supply chain transparency. Progress

towards greater transparency can result from the inclusion of specific requirements in the tender but also requires efforts to increase the number of automotive and bus manufacturers reporting supply chain data and to improve the quality of data reported overtime. Collectively, such improvements will enable HREDD by facilitating more accurate risk identification and clarifying the supply chain actors with obligations to cooperate or provide remedy in instances of harm. Furthermore, the receipt of supply chain data allows Electronics Watch to better coordinate remediation for rights abuses in public sector LEV supply chains that are identified through its worker-driven monitoring.

Key considerations when organising a pre-tender market engagement event

Based on the lessons learned from this market engagement, public buyers planning to organise such an event are invited to consider the following points:

- ▶ **Define the format and objectives of the event.** Why do you want to engage the market? What format and timeline will facilitate effective exchange? What results do you want to achieve?
- ▶ **Identify the companies and other stakeholders** whose participation is necessary to achieve the objectives.
- ▶ **Invite the 'right' contact:** Public buyers are usually in touch with sales or fleet management departments which do not always have the expertise on the topics to be discussed (e.g., sustainability, HREDD). To ensure meaningful discussions, public buyers should request their suppliers and prospective bidders to send representatives with relevant expertise and could reach out to these individuals directly, if known.
- ▶ **Provide clear information about the purpose of the event:** The invitation should clearly state the purpose and objectives of the market dialogue, as well as any expectations of participants and information about planned next steps.
- ▶ **Take time to debrief post-event:** Following the market engagement, public buyers should analyse lessons learnt, determine whether the expected outcomes were achieved, and assess next steps.

Want to engage the market but don't know how? Check out this [step-by-step guide](#) developed by Electronics Watch and ICLEI as part of the Make ICT Fair project.

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