

CASE STUDY

Supplier dialogue to strengthen human rights and environmental due diligence (HREDD) in public procurement

Supplier dialogue is one of the most important channels through which public buyers can support effective HREDD in their supply chains. When designed and implemented effectively, it facilitates open, evidence-based dialogue that supports effective risk mitigation and, when harms occur, access to remedy.

This case study illustrates how participants in the Electronics Watch Low Emission Vehicles Programme have used supplier dialogue to advance product traceability, which enables better compliance monitoring in the supply chain, and foster the transparency necessary to remediate identified human rights harms.



Why supplier engagement matters?

Traditionally, the relationship between buyers and suppliers has been purely transactional: The buyer pays the supplier, who provides the product or service. As the concepts of social and environmental responsibility emerged, so have corresponding legislative and contractual requirements, and international guidelines defining the roles and responsibilities of different supply chain actors. The due diligence process entails a shared responsibility for risk mitigation and remedy. This demands a higher level of cooperation between buyers and suppliers than ever before. Supplier dialogue supports public buyers to move from a transactional relationship toward a cooperative one in which the parties can use their respective leverage to mitigate risk and address issues in the supply chain.

Most of the time, meetings between public buyers and their suppliers focus on delivery timelines and payment schedules. These exchanges also provide a forum to address other aspects of contract management, including compliance with due diligence obligations and related requirements (e.g., product traceability). Supplier dialogue allows

both parties to raise questions and concerns, present relevant evidence and benefit from each other's expertise. It may also serve to set expectations and demonstrate the priority of human rights and environmental commitments, even in the absence of specific contractual obligations on these topics. When HREDD requirements are established, dialogue serves to share information, including in relation to risk identification and mitigation, to discuss compliance challenges, and to assess progress towards addressing any real or potential harms. In addition, establishing Key Performance Indicators (KPIs) may be useful in promoting improved compliance and evaluating the degree of cooperation and/or quality of information exchanged overtime.

Supplier dialogue is relevant at all stages of the HREDD process. It can help public buyers to prevent human rights risks and violations by questioning their suppliers about the supply chain. Knowing where the products procured are manufactured and under which conditions enable public buyers to better anticipate potential risks. It fosters collaboration with suppliers to address risks before they escalate into violations or harm. When violations are identified and evidenced,

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having an established dialogue with suppliers will enable timely discussions on corrective actions. It also provides a space for public buyers to monitor their implementation, promote meaningful stakeholder engagement, and ensure access to remedy for affected people.

This dialogue is also an opportunity for public buyers to reflect on their purchasing practices. They can potentially improve these practices if it is found that they are linked or have contributed to human rights harms in the supply chain.

Supplier dialogue among Low Emission Vehicle Programme (LEVP) participants

Launched in April 2022, the LEVP supports participating public buyers to promote and protect the rights of workers in their low-emission vehicle supply chains. The programme builds their capacity to implement responsible procurement and provides worker-driven monitoring in the supply chain to inform risk mitigation and remediation. Among other deliverables, Electronics Watch provides LEVP participants with support for developing social requirements to include in tenders and establishing and improving supplier dialogue on HREDD.

In April 2023, as a precursor for individual supplier dialogue, LEVP participants and Electronics Watch co-hosted a market engagement to convey their shared HREDD expectations in the vehicle sector and communicate forthcoming requirements. Thereafter, between April 2023 and March 2025, they participated in 36 individual meetings with 14 low emission bus and passenger vehicles suppliers.

The meetings primarily focused on establishing product-level traceability in the supply chain and, where human rights violations were identified

through monitoring, supporting access to remedy for rightsholders. But they had other benefits too. For instance, they allowed LEVP participants to use their collective leverage with common suppliers to drive higher standards and promote greater accountability. They also served to build trust between the parties and raise awareness about issues in the supply chain. For many participating companies, this was one of the first opportunities to have direct discussions with public sector customers on human and labour rights issues in the supply chain outside of the tender process. None reported being confronted with worker-driven evidence that contradicted the results of standard audits, particularly not at the component level. Discussions about the process of obtaining and sharing information about production sites in the supply chain identified obstacles with component suppliers of which neither the LEVP participants nor Electronics Watch were fully aware.

Information disclosed by companies as a result of this dialogue has enabled worker-driven monitoring in the supply chains of some of the LEVP participants. Findings from these investigations informed ongoing remediation processes concerning rights violations at production sites in 2 countries, one of which was submitted via a supplier's grievance mechanism. Several of the automotive companies that participated in the dialogue meetings are now engaged in the remediation processes. Remediation requires the involvement of workers' representatives to ensure that, as rights-holders, they remain at the core of the process.¹

¹ See Electronics Watch Principles for Worker-Driven Remedy:
https://electronicswatch.org/principles-of-worker-driven-remedy_2635094.pdf

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Key considerations to start supplier dialogue:

Based on the lessons learned from the LEVP programme participants supplier engagements, public buyers planning to engage their suppliers are invited to consider the following points:

- ▶ **Communicate the purpose of the dialogue:** Before reaching out, identify the objectives of the dialogue and any expected outcomes. Be prepared to discuss and validate these with your supplier. Do not forget to explain how they will also benefit from this engagement. What does each party want to achieve?
- ▶ **Clarify the focus:** Meetings should cover topics that are (or will be) a priority for your organisation and/or which are the subject of supplier obligations (e.g., in tender requirements, contract clauses, supplier code of conduct). Consider how often you should meet and request that the person attending the meeting be knowledgeable about the topics or issues you want to discuss. What information or expertise does each party need to contribute meaningfully to the dialogue?
- ▶ **Be prepared:** Effective supplier dialogue is regular and ongoing. While it can be scaled to the time available, each meeting requires preparation. Sending discussion ahead of time to enable your supplier to prepare and demonstrate respect for their time.
- ▶ **Model the behaviour you want to see:** To foster a transparent environment where suppliers feel comfortable sharing sensitive information and being honest about challenges, demonstrate openness. After each meeting, confirm commitments and agreed deadlines in writing and solicit feedback on the process.
- ▶ **Be aware of and make use of your leverage:** As a public buyer you can use different kinds of leverage (commercial, contractual, reputational, knowledge) to drive change in your supply chains. When possible, collaborate or coordinate with other public buyers on follow-up with common suppliers. Collectively, public buyers have more leverage than they do individually.
- ▶ **Discuss lessons learned with colleagues, peers, suppliers and stakeholders:** Supplier engagement is a learning process. Take time to discuss lessons learned and identify opportunities to improve the dialogue going forward.

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