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# Supply chain transparency

Prepared for the IWGEPP practice group



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# About Us

**Electronics Watch uses public procurement leverage to promote and protect the rights of workers in global supply chains.** Our work can be divided into three areas:

1. Building the capacity of public authorities to implement responsible public procurement
2. Coordinating worker-driven supply-chain investigations
3. Facilitating the remediation of identified human rights abuses



# Rationale and scope

# Why is supply chain transparency essential to ethical public procurement?

Mapping the supply chain is critical to human rights due diligence. Site-specific information is necessary to:

- Identify affected stakeholders
- Assess risks and harms linked to the subject-matter of the contract\* and accountability (to address these)
- Enable independent verification of supplier-reported information
- Evaluate the adequacy of risk mitigation and corrective measures in place
- Provide for or cooperate with access to remedy for harm\*

The requirements in your contracts only apply to sites involved in the production of your products. So, site-specific information is also needed to monitor compliance too.

\* *Requires meaningful stakeholder engagement*

# How does one determine the scope of information requested?

## Risk level

Consider the known risks in the sector, the geographies of production (if known), the supplier itself, and the product type. The higher the risk, the more data it is reasonable to request.

## Leverage

Consider your total spend with that supplier, your relative importance to them as a customer, and the quality and visibility of your business relationship. The more leverage you have, the more effort the supplier will likely put into fulfilling the request.

## Proportionality

The size and duration of the contract and the size and maturity of the supplier are also important. Larger contracts (high value) and those with a long duration justify more extensive transparency requirements in terms of the number of products and supply chain tiers in scope. Larger, more mature suppliers have more resource and capacity.

## Market maturity

Some high-risk sectors are more transparent than others or have been subjected to transparency requests by customers for longer periods. In less mature markets, it may be necessary to start with more limited requirements.

## Availability

Some data are harder to obtain or to link to the subject matter with confidence. On the other hand, transparency requirements generate demand, which can positively influence the availability of these data over time.

## Examples (for discussion)

4-year catering contract with maximum value of €16 million

2-year, €250,000 workwear contract

1 year storage (ICT) contract for €45,000 (supply of two product models only)

3-year medtech framework with a maximum value of €10 million

6-year bus procurement for €50 million

Risk

Leverage

Proportionality

Market maturity

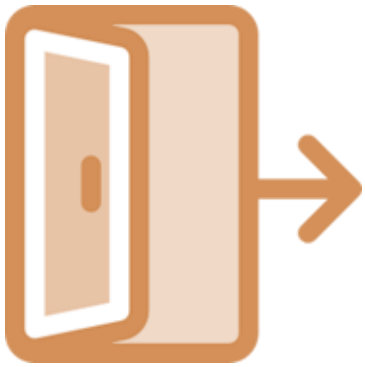
Availability

Other?

# Challenges and expectations

# How hard is it for companies to trace their supply chains?

Parts of the supply chain are easy to map and others less so. There are four main considerations to take into account (*explained further in following slides*).



**Access**



**Ease of collection**



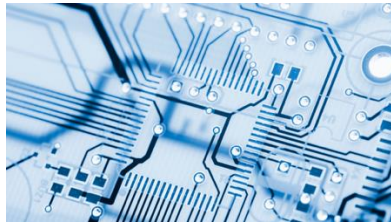
**Confidentiality**



**Leverage**

# How hard is it to isolate the specific suppliers and sites linked what you buy?

It depends on (a) the number of suppliers of any given component/material/service for which information is requested, (b) whether the supplier is the one actually making the component/material/service, and (c) how that company's supply chains are managed and organised. Let's take two examples:



**CPUs**



**Tomatoes**



## CPUs

### Number of suppliers

The brand whose computers you buy has 2 CPU suppliers: Intel, NVIDIA.  
The brand whose phones you buy has 2 primary CPU providers: Samsung Foundry and Qualcomm.

### Is the component supplier the entity manufacturing it?

It depends. Intel manufactures its own CPUs. NVIDIA CPUs are manufactured by TSMC. Samsung Foundry manufactures its own CPUs. The Qualcomm CPUs supplied to the brand whose phones you buy are manufactured both by Samsung Foundry and by TSMC.

### How are the company's supply chains managed/organised?

The brand's supply chains are organised by product line.

## Tomatoes

### **Number of suppliers**

The wholesaler from whom you buy produce has 10 core tomato suppliers in 4 primary markets (Mexico, Netherlands, Spain, Morocco) and 3 secondary markets (US, China, Portugal).

### **Is the commodity supplier the one actually growing it?**

Sometimes. Many of the core suppliers in the primary markets directly grow the tomatoes themselves. Others contract with local farmers instead of or in addition to growing the fruit themselves.

### **How are the company's supply chains managed/organised?**

Your wholesaler organises their supply chain by season and region. It has a combination of long-term frameworks and short-term contracts to allow for flexibility in response to crop yields and timelines and quality (e.g., resulting from drought, rainfall, pests).

For long, complex supply chains, links to the subject matter generally get harder to assess with confidence the further upstream one goes. This image shows how difficult it is to link companies to smelters, let alone to specific product models.

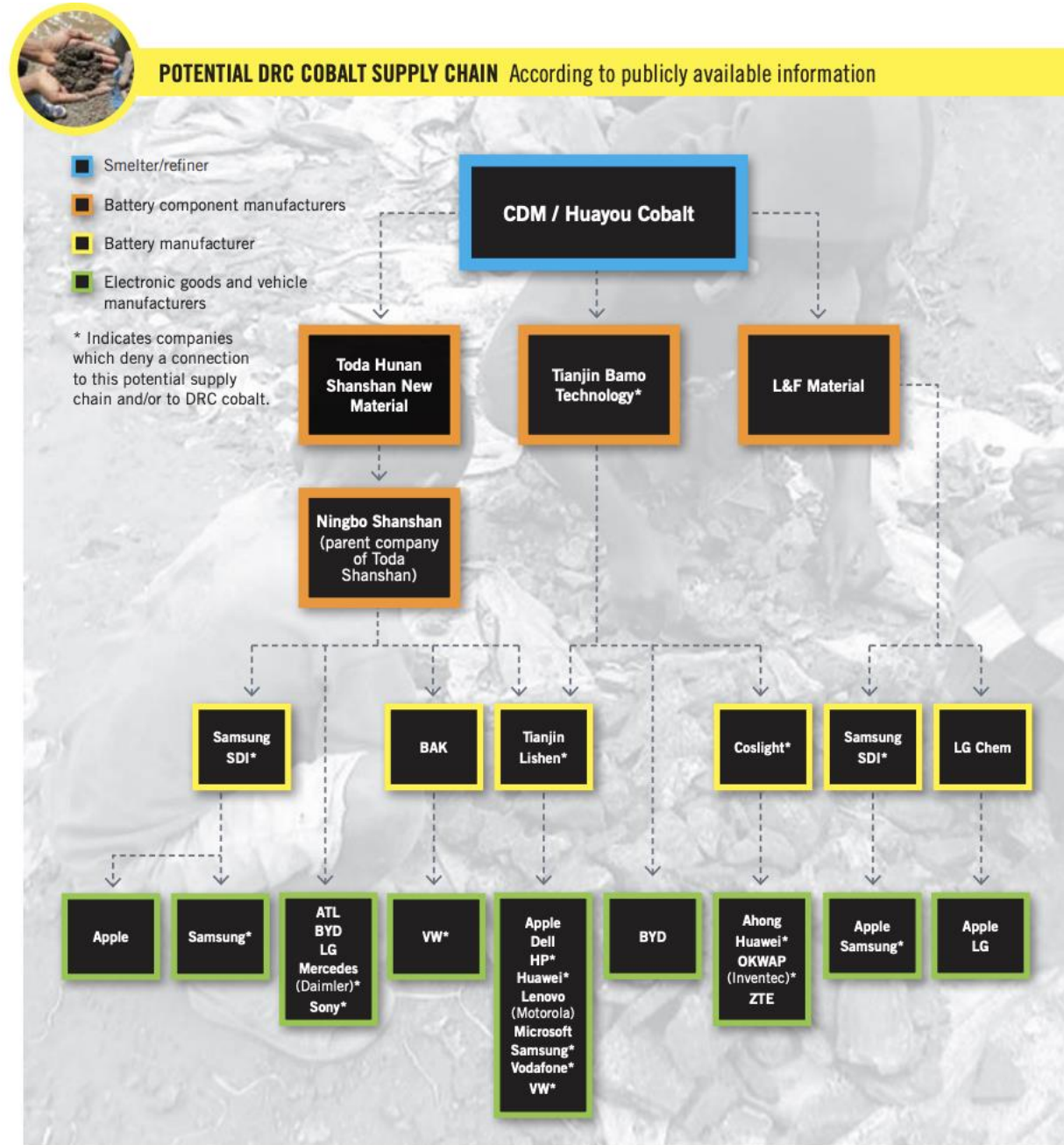


Image: Amnesty (2016). “This is what we die for: Human Rights Abuses in the Democratic Republic of the Congo Power the Global Trade in Cobalt.”

# What level of transparency is widely achievable in the ICT and LEV sectors?

## ICT:

- All brands can provide final assembly suppliers and production sites. Even resellers/distributors should be able to access this information.
- Companies with brand-owned (own) manufacturing in tiers further upstream can provide all details about those operations.\* There is no legitimate reason why this information would be denied to resellers.
- Most major brands will now provide tier 2 data for a limited number of strategic components. The quality of the data and the consistency of its provision vary.
  - If you require it and the awarded contractor is a brand, it will be provided.\*\*
  - If you require it and the awarded contractor is a reseller, it will usually be provided.

*\*This can be difficult to write into tender and contract requirements with respect for equal treatment, but not impossible.*

*\*\*There are very few exceptions to this, but they do exist.*

**LEV:** Today, there is no transparency standard that is accepted by a majority of manufacturers.

### LEV Buses

- All major manufacturers can provide information about where final vehicle assembly occurs.
- Companies with brand-owned (own) manufacturing and wholly owned subsidiaries in tiers further upstream can provide all details about those operations.\*
- All major manufacturers can provide information about who their Tier 1 (your Tier 2) suppliers are for strategic components (battery pack, battery cell, some chips). If the supplier and the manufacturer of these are the same, they should be able to identify the specific production sites too. If the supplier and manufacturer are different, the ability to get site-level information depends on their leverage with their suppliers.

### LEV Cars

Same as above, but there are different considerations to take into account:

- Public sector makes up much smaller segment of total car market than bus market. Many public authorities lease their car fleets. → **Relatively less leverage in car supply chains than bus supply chains.**
- There are considerably more car models in public sector vehicle fleets than bus models. This means more data for suppliers to collect. Individual car models are heavily customizable. → **MAY mean less overlap in the supply chain (do not have enough data on this yet).**
- May not know the exact models to be procured at tender stage. → **Potentially better to execute majority of data collection during contract performance rather than at tender stage.**

\* This can be difficult to write into tender and contract requirements with respect for equal treatment, but not impossible.

# Obtaining and increasing supply chain transparency

# How can you influence the wider transparency ecosystem?

- 1. Policy level** – To the degree permitted, seek to influence legal requirements (e.g., EU Public Procurement Directive) and government buying standards on transparency. If you cannot conduct advocacy, share your experience with those who can so that they understand how the lack of transparency impedes ethical public procurement.
- 2. Market level** – Work with other public contracting authorities to harmonise transparency requirements in the market. Jointly engage common suppliers to demonstrate unified expectations.
- 3. Supplier level** – Many companies already public public supplier lists. However, few of these are specific enough to assess links to the subject matter of the contract. Encourage your suppliers to provide more detail in their public datasets and encourage that these are made available in easy-to-use formats (e.g., excel or API exchange rather than PDFs).

# Which tools and practices will increase transparency in your supply chains?

1. **Inclusion of transparency requirements in contracts and tenders** - Must be specific enough that companies can't refer you to public supplier lists.
2. **Enable data sharing\*** – Include a clause in your tenders and contracts that allows for confidential sharing of disclosed supply chain data with certain parties for specific purposes.
3. **Use public resources** – For some sectors, find product-level supply chain data is on Open Supply Hub, supplier-level information is available on Supply Trace. Use AI to scan corporate press releases, audit reports, NGO reports in the public domain to identify business relationships and potential sites in your supply chain.

\* More on next slide



# To what extent should we accept restrictions on sharing disclosed data?

There are concrete steps you can take to proactively address data sharing concerns:

- Include a clause in your contracts that allows for data to be shared under certain circumstances. This is a clause (translated from Norwegian) from Oslo's contracts:

*“The contracting authority reserves the right to collaborate with other public contracting authorities and partners in the follow-up of due diligence assessments for responsible business [conduct] and, with respect for legal constraints, to share relevant information and documentation from that follow-up [with them].”*
- Sign NDAs with individual suppliers establishing the boundaries of data sharing. Electronics Watch often signs NDAs with companies. These include provisions that the disclosed data may:
  - a) be shared with our staff and monitoring partners to inform the selection of sites for monitoring, and
  - b) be shared with any of our affiliates who buys the same product models, to enable us to report on identified human rights issues to those linked and to facilitate the use of their leverage and their provision of or cooperation with remedy for harm.

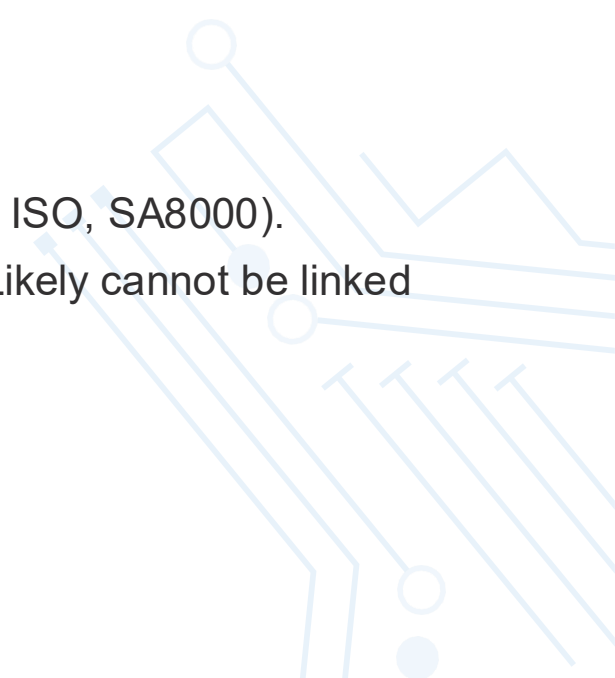
# What should we require as standard based on the level of transparency in the ICT/LEV sectors?

## ICT:

- You should require tier 1 and tier 2 data ([see clause on next slide](#)). The number of products for which it is required needs to be scaled to the value of the contract.
  - If you want to be extra cautious, write the requirement in a way that will not exclude resellers, should the brands refuse to share the data.

## Not yet standard but increasingly available worth requesting (voluntary basis):

- The date of the last audit at disclosed sites and the audit type (e.g., VAP audit, Smeta, ISO, SA8000).
- Information about smelters/refiners, which will allow you to assess linkages to mines. Likely cannot be linked of the subject-matter with confidence.



*7.3. To enable compliance monitoring, the Contractor shall take reasonable and proportionate endeavours to achieve both of the following provisions:*

*7.3.1. Provide data requested by the Client to assess compliance with the Conditions, including a list of the Production Sites in supply chain tier(s) [...] <sup>3</sup> linked to the top [...] <sup>4</sup> product models (by spend volume) purchased on the Contract. Data provided in the list may be shared confidentially with Monitors. If the Contractor is unable to fulfil this obligation in part or in full, a written explanation shall be provided to the Client describing the measures taken and obstacles to compliance. The list of Production Sites shall:*

- a. be provided in the format requested by the Client;*
- b. include the legal names and complete physical addresses of the identified Production Sites; and*
- c. indicate the specific product model or component produced at each site.*

<sup>3</sup> Before including the Conditions in a procurement, the Client should replace [...] with the number(s) of the tier(s) for which data should be provided, e.g., tier 1, or tiers 1 and 2.

<sup>4</sup> Before publishing the Conditions in a procurement, the Client should replace [...] with the appropriate number of products, with respect for the size of the contract and the principle of proportionality.

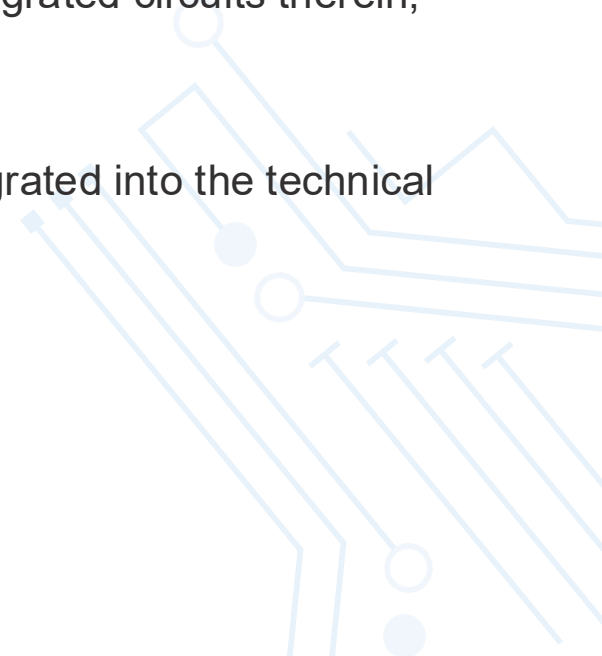
For details, see the Electronics Watch Contract Conditions (version 3.0), January 2025:  
[https://electronicswatch.org/contract-conditions-and-code\\_2548258](https://electronicswatch.org/contract-conditions-and-code_2548258)

## LEV Buses

### **Recommended preliminary minimum requirements:**

- At tender stage, mandatory disclosure of final vehicle assembly site, the names of suppliers of strategic components, and, where available, information about the manufacturer (if different from supplier) and specific production sites.
  - For information that is unavailable, bidder must provide an analysis of the reason(s) and present a plan for using its leverage to obtain the missing information throughout the performance of the contract.
  - This should be coupled with a contract performance requirement obliging implementation of the transparency improvement plan and describing how progress will be assessed.
- In the award criteria, you could potentially offer extra points to bidders that provide information (voluntary) about suppliers and production sites in additional tiers (e.g., battery management system, integrated circuits therein, smelters/refiners for high-risk mineral inputs).

For those who do not procure their buses directly, some of these requirements could be integrated into the technical specification sent to route operators or fleet management companies.



## LEV cars

### **Recommended preliminary minimum requirements:**

- At tender stage, for one vehicle model that could be supplied on the contract, mandatory disclosure of final vehicle assembly site, the names of suppliers of strategic components, and, where available, information about the manufacturer (if different from supplier) and specific production sites.
- In the award criteria, you could potentially offer extra points to bidders that provide information (voluntary) about suppliers and production sites in additional tiers (e.g., battery management system, integrated circuits therein, smelters/refiners for high-risk mineral inputs).
- Contract performance condition obliging mandatory disclosure of final vehicle assembly site, the names of suppliers of strategic components, and, where available, information about the manufacturer (if different from supplier) and specific production sites that make strategic components for [X]% of the vehicle models provided on the contract. This should occur within 6 months of orders being placed.
  - By the end of year 1, the contractor must provide an analysis of the transparency gap and present a plan for using its leverage to obtain the missing information throughout the performance of the contract.
  - Implementation of the transparency improvement plan is mandatory. Contract clauses should describing how progress will be assessed in subsequent years.

For those who do not procure cars directly, some of these requirements could be integrated into the technical specification sent to leasing or fleet management companies.

# Questions?

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