



Innovation Spotlight:

H&M



Tent's Innovation Spotlight series features companies that are leveraging their core business operations to integrate refugees around the world in new, exciting ways. We hope it inspires your company to consider new ways to support refugees.

This spotlight may be most useful to companies that have suppliers in low- and middle-income refugee-hosting countries, such as Turkey, Colombia, or Jordan.

The project in a nutshell



H&M's Program to Encourage their Suppliers to Hire Refugees

H&M, a Swedish multinational clothing retailer and the second largest buyer of goods from Turkey, encourages its Turkish suppliers to employ refugees. While over one million refugees (out of the nearly four million refugees in Turkey) are eligible for work permits, many of them work informally in the textiles industry, subject to poor working conditions and low wages. Turkish suppliers are often either unaware that they can fill labor shortages by legally hiring refugees or are concerned that hiring refugees will be more burdensome than hiring locals. Understanding the risk of exploitation that informally hired refugees could face in the Turkish textiles sector, H&M took action within its own supply chain.

Rather than discouraging suppliers from hiring refugees to mitigate against the risk of unethical labor practices, H&M developed a program to proactively encourage Turkish suppliers to hire more refugees *responsibly*. The company offers its suppliers (and second-tier suppliers) resources and training on how to hire refugees. By 2021, 430 refugees were employed by H&M's Turkish supply chain, meaning they are insured, employed in a safe work environment, and paid according to Turkish law. With these positive results in mind, H&M pledged to work with 40 textile factories in Turkey with the goal of hiring 2,000 refugees into its supply chain by 2025.

The Innovation



Enhancing diversity in H&M's supply chain while reducing labor risk for refugees

H&M's work with suppliers is innovative because it leverages its buyer-supplier relationships and position as a global brand to motivate its supply chain to hire more refugees. H&M's program

advocates for diversity and inclusion throughout its supply chain *and* mitigates the risk of unethical labor practices.

The Results



The program benefits refugees, mostly from Syria, Iran, and Afghanistan, by providing them with ethical recruitment opportunities in the Turkish textile industry, so they can earn fair wages and work in a safe environment. In 2017, when H&M made its first big push to train suppliers on this issue, the number of refugees in H&M's supply chain increased threefold from the previous year, from 100 workers to 300 workers.

In early 2021, there were 430 refugees working in 30 supplier factories. The refugee integration program for suppliers is benefitting H&M in three main ways. First, it diminishes the risk of informal labor within its supply chain, by teaching refugee workers and their managers about Turkish labor laws, healthy and safe work conditions, and compensation policies. It also created a workers' grievance mechanism so refugee workers can

report complaints in their own language. Second, it advances H&M's sustainability and diversity & inclusion goals beyond its core retail business, by increasing the number of refugee workers in its supply chain through ethical recruitment. Third, H&M strengthens its relationships with upstream supply chain partners by contributing to a more

diverse and peaceful workplace for its suppliers, which in turn ensures a stable supply chain that supports H&M's operations. Suppliers have relayed positive feedback about the program, acknowledging they can now confidently hire refugee workers as a result of H&M's guidance and support.

What made the project a success?



H&M's program has been successful because it transformed a supply chain risk mitigation strategy into a program that *also* promotes diversity and inclusion. In response to the influx of refugees from Syria into Turkey in 2015, H&M prioritized creating closer dialogue between its team in Turkey, its Turkish suppliers, and other brands that source in Turkey to help reduce the risk of refugee forced labor. These conversations revealed that some suppliers were unaware they could legally hire refugees or held biases against refugees that precluded these candidates from being hired. To address these challenges, H&M pivoted to teaching suppliers best practices for hiring and integrating refugee workers and monitoring their progress.

H&M worked closely with its Turkish sustainability team and its Turkish suppliers. They ran a series of H&M-led training workshops to better understand the obstacles suppliers faced hiring refugees, which included the administrative process of applying for refugee work permits and resistance to hiring based on prejudice against foreign workers. H&M's team in Turkey then developed and rolled out training for management and factory-floor middle management at the suppliers' sites, to raise awareness of policies and procedures for the responsible recruitment of refugees and how to best integrate refugees into the workforce. Critically, H&M partners with the UNHCR to offer group training for their supplier factories on the often-burdensome work permit application process, since employers are responsible for submitting permit applications on behalf of refugees. With the support of local NGOs, H&M educates the workforce in each factory, including refugee employees, about their labor rights, to protect the rights of all workers. Refugee employees can also take part in a H&M-

led work mentorship program that helps refugees cope with the challenges that come with a new job, culture, and language.

H&M tracks suppliers' progress on hiring and integrating refugees. The company partnered with Mudem Workers' Support Center, a Turkish NGO that supports refugees, to create an online grievance-reporting mechanism for workers that allows the company to respond directly to issues in its Turkish supply chain. H&M monitored its suppliers' progress by auditing them through its local team based on key performance indicators, giving a higher score to suppliers that promote fair wages, have a positive impact on industrial relationships, and hire refugees. In addition, H&M has incorporated its gender equality agenda into the program, by aiming to increase the share of female supervisors and female workers in supplier factories and monitoring suppliers' progress in that respect. H&M conducts quarterly evaluations on the number of refugees hired, as well as the number of cases reported and resolved through this system. As of 2021, the sustainability team in Turkey also develops plans for improvement for their suppliers that they can follow to track their progress.

Taking into account that H&M is a major global company with a large market share in Turkey, suppliers have taken part in the program to strengthen their relationship with a key commercial partner. By participating in the program and being rewarded with a higher sustainability score, the supplier enhances its engagement with H&M and steers the company's order placement. Suppliers gain the benefit of enhancing their sustainability performance, which ultimately fortifies their relationship with their key buyer.

NEXT STEPS

To develop a similar project - or brainstorm about other ways your company can work with refugees - reach out to the Tent team at info@tent.org!



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