



# Summary of July 2019 Revisions to Nest Ethical Compliance Standards for Home and Small Workshops



## Worker Rights and Business Transparency

STANDARD CODE	SUBHEADER	DATE	STANDARD
1.1.2	Discrimination	Dec 2017	Anti-discrimination policy includes a statement that discrimination does not occur in hiring, training, termination, promotion or advancement.
		July 2019	Anti-discrimination policy includes a statement that discrimination does not occur in hiring, training, termination, promotion, or advancement <i>activities of the business.</i>
1.1.3	Discrimination	Dec 2017	All decisions in the workplace are based solely on the skills of the worker and no discrimination is made based on age, gender, race, ethnicity, religion, sexual orientation, nationality, disability, marital status, political opinion, union affiliation, etc.
		July 2019	All decisions in the workplace are based solely on the skills of the worker and no discrimination is made based on age, gender, race, ethnicity, religion, sexual orientation, nationality, disability, marital status, political opinion, union affiliation, etc. <i>Any reports of discrimination have been properly investigated and resolved.</i>
1.2.2	Harassment/Abuse	Dec 2017	There are no incidences of harassment or abuse
		July 2019	<i>Any reports of harassment and abuse have been properly investigated and resolved.</i>

### REVISION SUMMARY

Nest has revised the language of these two standards based on the verification method used to show proof of compliance. The revised versions specify that all reports of discrimination, harassment, and abuse must be properly investigated and resolved, which, combined with worker interviews, will be reviewed in order to verify adherence.



11.4	Discrimination	Dec 2017	Policy includes a system for documenting and handling any cases of discrimination, including a standardized system of anonymous reporting, investigating and correcting behaviors of discrimination, which is posted in the workshop(s).
		July 2019	Policy includes a system for documenting and handling any cases of discrimination, including a standardized system of anonymous reporting, investigating and correcting behaviors of discrimination, which is posted in the workshop(s). <i>Workers must be able to report without the fear of retaliation.</i>

1.2.3	Harassment/Abuse	Dec 2017	Anti-harassment and abuse policy includes a system for documenting and handling any cases of abuse, including a standardized system of anonymous reporting, investigating and correcting harassment situations which is posted in the workshop(s).
		July 2019	Anti-harassment and abuse policy includes a system for documenting and handling any cases of abuse, including a standardized system of anonymous reporting, investigating and correcting harassment situations which is posted in the workshop(s). <i>Workers must be able to report without the fear of retaliation.</i>

1.4.1	Complaints and Grievances	Dec 2017	A written policy and clear procedure for workers to report complaints or grievances exists in the worker manual.
		July 2019	A written policy and clear procedure for workers to report complaints or grievances exists in the worker manual. <i>Workers must be able to report without the fear of retaliation.</i>

**REVISION SUMMARY**

When workers make any reports of discrimination, harassment, and abuse it is imperative that workers do not face or have fear of retaliation for their complaints or grievances against other workers or management.

1.6.6	Hours of Work	Dec 2017	Attendance records are kept for tracking work hours and break times, including start and stop times, for salary and hourly workers in which the worker also signs off in approval.
		July 2019	Attendance records are kept for tracking work hours and break times, including start and stop times, for salary and hourly workers in which the worker also signs off in approval. <i>Work hours of piece rate workers can be estimated by reviewing production records and time motion studies. With proper methodology, time motion studies provide a viable average of production times for each product.</i>

**REVISION SUMMARY**

Revision has addressed the work hour verification requirements for piece rate workers who, unlike hourly or daily workers, are unable and not required to maintain attendance records.



1.8.2	Subcontractors	Dec 2017	An inspection of all subcontractors and production workshops is completed on a quarterly basis by representatives of the central business. Inspections must include health and safety review as well as checking for any human rights abuses as outlined in Nest's inspection template.
	<i>Supply Chain Transparency</i>	July 2019	An inspection of subcontractors and production workshops, <i>including home workshops</i> , is completed <i>and documented</i> on a quarterly basis by representatives of the central business. <i>The scope of each inspection is relative to the size and structure of the supply chain. Inspections must include health and safety review as well as checking for any human rights abuses.</i>
<b>REVISION SUMMARY</b>			
Standard has been expanded to specifically include inspections of home workshops and the required scope based on the size of the supply chain.			

1.8.3	Subcontractors	Dec 2017	A record is maintained and regularly updated with a list of each subcontractor, including manager's name, location and the number of people subcontracted including workers in their homes. The list is inclusive of all production-related activities, and includes seasonal and part time workers.
	<i>Supply Chain Transparency</i>	July 2019	<i>A supply chain map</i> is maintained and regularly updated with a list of <i>all subcontractors and workers, including name, location, and production activity. The list includes all categories of production activities, and demographic information on all seasonal, part time, and household workers.</i>
<b>REVISION SUMMARY</b>			
Revised standard encompasses supply chain mapping requirements for all subcontractors and workers, as well as required contents of supply chain mapping documentation.			

1.9.3	Worker Manual	Dec 2017	An orientation has been provided to all workers to ensure understanding of all company policies. Documentation is kept acknowledging orientation attendance, and receipt of the information contained within the worker manual.
		July 2019	An orientation has been provided to all workers to ensure their <i>comprehension</i> of all company policies. Documentation is kept acknowledging orientation attendance, and receipt of the information contained within the worker manual.

1.10.1	Production Records	Dec 2017	The business must maintain complete production records for all piece rate workers, including number of products made, dates, and names of artisans, to ensure that accurate wage calculations can be made.
		July 2019	The business must maintain complete production records for all piece rate workers, <i>including handworker names, production dates, product names, quantity of products made, piece rate of each product, and total earned</i> , to ensure that accurate wage calculations can be made.
<p><b>REVISION SUMMARY</b> Revision includes list of required content for production record verification.</p>			



## Child Advocacy and Protection

STANDARD CODE	SUBHEADER		STANDARD
2.1.1	Child Labor	Dec 2017	The business requests and verifies the necessary documentation needed for age verification of all workers, including subcontracted workers. Valid age documentation is issued by a legislative authority including birth certificate, national identity card, driver's license and voting registration card. In locations where these identification proofs are not reliable, the business must find other ways to verify age. All verification copies must be kept on file with the worker file.
		July 2019	The business requests and verifies the necessary documentation needed for age verification of all workers, including subcontracted <i>and home workers</i> . Valid age documentation is issued by a legislative authority including birth certificate, national identity card, driver's license and voting registration card. In locations where these identification proofs are not reliable, the business must find other ways to verify age. <i>All verification copies must be kept in the worker files.</i>
2.1.7	Child Labor	Dec 2017	Training is provided and documented to management and subcontractor leaders yearly on how to recognize and prevent child labor in the workplace, and why it is important to the central business, Nest, and retail partners.
		July 2019	Training <i>on how to recognize and prevent child labor in the workplace</i> and why it is important to the central business, Nest, and retail partners <i>is provided to management and subcontractors and documented on a yearly basis.</i>
<p><b>REVISION SUMMARY</b> Revised standard specifies required content, audience, and frequency of child labor training.</p>			

2.1.9	Child Labor	Dec 2017	Child labor is not being used within any element of the value chain. Child labor is defined as the employment of individuals younger than 15 years old,
		July 2019	<i>Based on observations, interviews and the verification of compliance standards, Nest does not have any indication or evidence that child labor is being used within the supply chain assessed and all required systems are in place for the prevention, monitoring, and handling cases of suspected child labor.</i>
<p><b>REVISION SUMMARY</b></p> <p>The use of child labor within any supply chain is a serious issue and one that Nest’s program has been designed to most effectively education, prevent, monitor, and address any identified issues. With the ultimate goal of eliminating all use of child labor, the standard has been revised to more closely parallel the process by which Nest assesses and determines the absence or presence of child labor within a supply chain.</p>			



## Fair Compensation and Benefits

STANDARD CODE	SUBHEADER		STANDARD
3.2.1	Wages	Dec 2017	There is a written skills-based wage policy which includes requirement that all workers receive at least minimum wage for their work and a statement guaranteeing equal pay for equal work by men and women.
		July 2019	There is a written skills-based wage policy which includes requirement that all workers receive at least <i>the equivalent of</i> minimum wage for their <i>labor</i> and a statement guaranteeing equal pay for equal work by men and women.

3.2.4	Wages	Dec 2017	All workers are paid at least the legal minimum base wage, including piece rate wages. Additional benefits must not be factored into wage consideration for acceptable minimums.
		July 2019	All workers, <i>including piece rate workers</i> , are paid at least the <i>equivalent of</i> legal local minimum base wage <i>relative to the amount of labor time expended by the worker</i> . Additional benefits must not be factored into the <i>calculation of wages when comparing against the acceptable minimums</i> .

**REVISION SUMMARY**

Language of the standard has been revised to clarify the requirements around minimum wage for piece rate workers. Piece rate workers must be paid using a method that determines the amount of labor hours spent by a worker in the production of one single piece and multiplying this amount of time by the local hourly minimum wage rate. Piece rate workers must be compensated for the equivalent labor time they contribute—they are not expected to earn a weekly or monthly minimum wage unless they have worked the equivalent number of hours through piece rate production.



3.2.5	Wages	Dec 2017	For all products which are paid by a piece rate, proper time and motion studies must be conducted before the distribution of production to workers to ensure wages meet at least minimum wage requirements and these records must be kept on file at least while product is in production.
		July 2019	For all products which are paid by a piece rate, proper time and motion studies must be conducted before the distribution of production to workers to ensure wages meet at least minimum wage requirements and <i>these records must be kept on file at least 12 months.</i>

3.2.6	Wages	Dec 2017	Each worker reviews a summary of their wages in a language they can understand and, if required by law, a written wage statement is provided to each worker. If not required by law, a written summary must be available to any worker upon request.
		July 2019	Each worker reviews a summary of their wage <i>payments</i> in a language they can understand and, if required by law, a written wage statement is provided to each worker. If not required by law, a written summary must be available to any worker upon request.

3.2.7	Wages	Dec 2017	Wage records must include pay period, date, wage calculation and any deductions including wage advances.
		July 2019	Wage records must include <i>handworker name</i> , pay period, <i>pay date</i> , wage calculation and any deductions including wage advances.

**REVISION SUMMARY**

Revision further clarifies required content of wage records

3.2.8	Wages	Dec 2017	(Aspirational standard, compliance not required) Business is striving for the payment of Living Wages to all workers. Additional benefits provided through the business can be factored into living wage standard determinations. Nest will provide education and guidance to business leadership on ways to begin movement towards living wages.
		July 2019	<i>Removed</i>

**REVISION SUMMARY**

While Nest's Ethical Handcraft Program will continue to educate about and encourage incremental progress towards the provision of living wages, we also understand that this will often be a long term goal for vendors and brands alike. Since this particular standard was not graded towards the score of Nest's assessment, we have decided to remove this aspirational standard from the July 2019 version, but rather include ongoing training to vendors who have met the minimum wage standards and are ready to move towards living wages.

3.3.1	Deductions	Dec 2017	The business takes wage deductions based on quality, there is a clear, documented policy for these deductions that includes the distribution of clear quality specifications to workers to ensure all quality expectations are understood before production begins
		July 2019	If the business takes wage deductions <i>or rejects products based on quality</i> , there is a clear, documented policy for these deductions that includes the distribution of clear quality specifications to workers to ensure all quality expectations are understood before production begins.
<p><b>REVISION SUMMARY</b></p> <p>In Nest's experience working with handcraft businesses, we have found that the majority of rejected piece rate products due to quality are not penalized by a deduction, but rather are rejected without payment unless they are able to repair the item to meet quality standards. In these cases, while handworkers are not directly penalized financially, they are at risk of losing critical compensation for their time to produce the product.</p>			

3.3.3	Deductions	Dec 2017	If the business charges its workers for raw materials, the full cost of these raw materials is calculated into the wage payments paid for the final product and documented on the wage payment receipt. The cost of raw materials charged to artisans must be equivalent or lower to the market rate.
		July 2019	If the business charges its workers for raw materials, the full cost of these raw materials is calculated into the wage payments paid for the final product and documented on the wage payment receipt. The cost of raw materials charged to <i>handworkers</i> must be equivalent or lower to the market rate.

3.4.1	Wage Advances	Dec 2017	There is policy for the payment of wage advances.
	<i>Wage Advances and Loans</i>	July 2019	There is policy for the <i>provision and repayment</i> of wage advances.

3.4.2	Wage Advances	Dec 2017	The policy for wage advances states that advancements cannot exceed the equivalent of three months pay. However, in extreme cases of emergency, a separate agreement may be put into place between the worker and the business, but higher loans must be interest free and the repayment terms must not exceed 15% of the weekly salary per installment.
	<i>Wage Advances and Loans</i>	July 2019	<i>The policy for wage advances states that advance amounts cannot exceed the equivalent of three months pay.</i>

<p><b>REVISION SUMMARY</b></p> <p>Nest has decided to refine its definitions for wage advances to include a separation between a wage advance, which is repaid by the worker at the time of his/her next wage payment, and a loan, which is often a larger amount and is repaid over a longer period of time and in installments.</p>			
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3.4.3	Wage Advances	Dec 2017	Advances must be documented in writing and a receipt outlining the terms of repayment must be approved by the worker by signature or thumbprint. One copy of the agreement is provided to the worker and one copy is kept in the worker file.
	<i>Wage Advances and Loans</i>	July 2019	<i>Advance transactions must be documented in writing and approved by the worker by signature or thumbprint.</i>
<b>REVISION SUMMARY</b>			
Since by definition wage advances will be repaid at the next wage payment and will be documented by the vendor or subcontractor, an additional written agreement is not required to be given to the handworker.			

3.4.4 [ADDED]	Wage Advances and Loans	July 2019	<i>The policy for loans from the business to a worker states that the loan cannot exceed the equivalent of three months pay. However, in extreme cases of emergency, a separate agreement may be put into place between the worker and the business, but if interest is charged on loans the rate must be less than 10% and the required repayment terms must not exceed 15% of the weekly salary per installment.</i>
3.4.5 [ADDED]	Wage Advances and Loans	July 2019	<i>Loans and any transactions must be documented in writing and a receipt outlining the terms of repayment must be approved by the worker by signature or thumbprint. One copy of the agreement is provided to the worker and one copy is kept in the worker file.</i>
<b>REVISION SUMMARY</b>			
Nest has decided to refine its definitions for wage advances to include a separation between a wage advance, which is repaid by the worker at the time of his/her next wage payment, and a loan, which is often a larger amount and is repaid over a longer period of time and in installments. These newly added standards outline the requirements for loan provisions for handworkers.			

## Health and Safety

STANDARD CODE	SUBHEADER		STANDARD
4.1.1	Facilities	Dec 2017	In workshops, there is at least one fully functioning toilet or latrine per 25 workers of each gender.
		July 2019	In workshops, there is at least one fully functioning toilet or latrine per <b>20</b> workers of each gender.
4.2.6	Dormitories	Dec 2017	Dormitory must have one toilet for 25 workers of each gender.
		July 2019	Dormitory must have one toilet for <b>20</b> workers of each gender.
<b>REVISION SUMMARY</b>			
To align with Nest's definition for a small workshop, Nest has revised the standards requiring that there is a functioning toilet per 20 workers of each gender in small workshops and dormitories.			

4.1.8	Facilities	Dec 2017	All workspace areas are free from hazards that could pose risk of injury including floors with dangerous bumps, holes and, slopes, and stairways without guardrails. Photos will be taken during the workshop review to assess the risk level.
		July 2019	All workspace areas are free from hazards that could pose risk of injury including floors with <i>hazardous</i> bumps, holes and, slopes, and stairways without guardrails.

4.3.2	First Aid and Medical	Dec 2017	If production process is deemed high risk, Medical and First Aid policy includes a description of what medical care is available to workers and information on how workers can access medical care, including provision for emergency care.
		July 2019	If production process is deemed <i>hazardous</i> , Medical and First Aid policy includes a description of what medical care is available to workers and information on how workers can access medical care, including provision for emergency care.

4.3.7	First Aid and Medical	Dec 2017	Business holds First Aid and fire safety training for management and subcontractors at least once a year. Homeworkers are required to receive First Aid and fire safety training if performing a high risk production process, otherwise training is strongly suggested but not required.
		July 2019	Business holds First Aid and fire safety training for management and subcontractors at least once a year. Homeworkers are required to receive First Aid and fire safety training if performing a <i>hazardous</i> production process, otherwise training is strongly suggested but not required.

4.4.1	Fire Safety	Dec 2017	If production process is deemed high risk or if open flame is involved, the workshop has at least one functioning fire/smoke alarm.
		July 2019	If production process is deemed <i>hazardous</i> or if open flame is involved, the workshop or home has at least one functioning fire/smoke alarm.

4.4.5	Fire Safety	Dec 2017	Each production workshop, or any home workshop for which a production process is deemed high risk or open flame is involved, is equipped with a sufficient number of Fire Extinguishers located within 75 feet of every worker. A cylinder extinguisher is required if production process is high risk, otherwise, a sand or equivalent extinguisher is acceptable.
		July 2019	Each production workshop, or any home workshop for which a production process is deemed <i>hazardous</i> or open flame is involved, is equipped with a sufficient number of Fire Extinguishers located within 75 feet of every worker. A cylinder extinguisher is required if production process is <i>hazardous</i> , otherwise, a sand or equivalent extinguisher is acceptable.

4.4.7	Fire Safety	Dec 2017	Each production workshop or any home workshop where a production process is deemed high risk or open flame is involved, all workers have been trained on use of fire extinguishers.
		July 2019	Each production workshop or any home workshop where a production process is deemed <i>hazardous</i> or open flame is involved, all workers have been trained on use of fire extinguishers.
4.5.1	Emergency Plan	Dec 2017	If production process is deemed high risk or the workshop has more than 20 workers, business has a written emergency plan.
		July 2019	If production process is deemed <i>hazardous</i> or the workshop has more than 20 workers, business has a written emergency plan.
4.6.1	Personal Protective Equipment (PPE)	Dec 2017	If the production process is deemed high risk, a written Personal Protective Equipment exists and includes a list of required PPE, information on how PPE is distributed and states that PPE is provided to workers free of charge.
		July 2019	If the production process is deemed <i>hazardous</i> , a written <i>PPE policy</i> exists and includes a list of required PPE, information on how PPE is distributed and states that PPE is provided to workers free of charge.
4.6.2	Personal Protective Equipment (PPE)	Dec 2017	All required PPE must be used during applicable activities as outlined in the Personal Protective Equipment policy.
		July 2019	All required PPE must be used during applicable activities as outlined in the <i>PPE</i> policy.
4.6.3	Personal Protective Equipment (PPE)	Dec 2017	Personal Protective Equipment training is held for workers on a yearly basis and is documented.
		July 2019	<i>PPE</i> training is held for workers on a yearly basis and is documented.
4.6.4	Personal Protective Equipment (PPE)	Dec 2017	All required Personal Protective Equipment is provided at no cost to workers.
		July 2019	All required <i>PPE</i> is provided at no cost to workers.
4.7.2	Machinery	Dec 2017	If industrial machinery is utilized in the production process, all machine operators are properly trained in safe operating procedures once per year. Upon completion of the training workers must sign a training log.
		July 2019	If industrial machinery is utilized in the production process, all machine operators are properly trained in safe operating procedures once per year <i>and the training is properly documented.</i>

4.7.3	Machinery	Dec 2017	All industrial machinery is subject to quarterly inspection and maintenance by a qualified professional, which is recorded in a log.
		July 2019	All industrial machinery is subject to quarterly inspection and maintenance by a qualified professional, <i>and is properly documented.</i>

4.8.1	Electrical Equipment	Dec 2017	All electrical equipment, wires and outlets used for production are inspected quarterly and repaired by a professional when necessary. Inspections are recorded in a log.
		July 2019	All electrical equipment, wires and outlets used for production are inspected quarterly and repaired by a professional when necessary. <i>All inspections are properly documented.</i>

4.8.2	Electrical Equipment	Dec 2017	There is a procedure for workers to report any issues with electrical equipment or machinery and is posted in the workshop.
		July 2019	There is a procedure for workers to report any issues with electrical equipment or machinery and it is posted in the workshop <i>or is included in the worker manual if production is decentralized.</i>

4.9.1	Chemicals	Dec 2017	If using chemicals in the production process, a Material Safety Data Sheet (MSDS) must be available for each chemical which includes chemical ingredient information, supplier name, functions of chemicals used in the manufacturing process (dye, cleaning, catalyst, solvent, adhesive, finisher, etc.), potential harm on human health and environment, and physical safety properties (flammable, combustible, oxidizing, reactive, etc.). All MSDS must be written in a language that all workers can understand.
		July 2019	If using chemicals in the production process, a Material Safety Data Sheet (MSDS) must be <i>posted</i> for each chemical which includes chemical ingredient information, supplier name, functions of chemicals used in the manufacturing process (dye, cleaning, catalyst, solvent, adhesive, finisher, etc.), potential harm on human health and environment, and physical safety properties (flammable, combustible, oxidizing, reactive, etc.). All MSDS must be written in a language that all workers can understand.

4.9.6	Chemicals	Dec 2017	If using chemicals in the production process, a standardized annual training program is provided to all workers who handle and dispose of chemicals and hazardous materials, including a review of all MSDS postings. Upon completion of the training all workers must sign the training log.
		July 2019	If using chemicals in the production process, a standardized annual training program is provided to all workers who handle and dispose of chemicals and hazardous materials, including a review of all MSDS postings, <i>and is properly documented.</i>

