Financial inclusion helps lift people out of poverty and can help speed economic development. It can draw more women into the mainstream of economic activity, harnessing their contributions to society.

Sri Mulyani Indrawati
Minister of Finance, Indonesia
Dear Nest Supporter,

A year ago, many of you joined us at the United Nations to celebrate what we have come to call the New Handworker Economy—an economy redesigned to be both innovative and inclusive; one that is supportive of mothers needing to work from home to care for children; one that is built on the strengths and talents of immigrants, minorities, refugees, women, and people too often ignored or overlooked. In our Handworker Economy, consumers, brands, philanthropists, subcontractors, and handworkers share accountability and personal agency. This was the dream we envisioned together, and over the course of this year, Nest has spent each day working to transform it into reality.

This year saw rapid expansion of our supply chain transparency program bringing unprecedented visibility to more than 18,500 homeworkers. We focused on engagement with our Guild network now reaching over 488 artisan businesses across 92 countries worldwide through webinars, phone consultations, and onsite training and mentorship. We welcomed Native American beaders in New Mexico, survivors of sex trafficking in Kolkata, India, and refugee women in Southern Turkey into our robust, year-long Accelerator program. The impact we are seeing confirms that artisan business development coupled with industry transparency yields success.

We have an important year ahead. Momentum is growing and the time is now to join us in strengthening the handworker economy to ensure powerful and meaningful change for women globally. We thank you for your support and hope you will join us on our next steps forward!

Warmly,

Rebecca van Bergen

NEST: DRIVING SUPPLY & DEMAND

Nest’s training and capacity building programs for handworkers create a pipeline of export-ready artisan businesses while Nest Standards, Seal and brand services increase a brand’s ability to incorporate artisanal and home-based work into its supply chain. These factors working in tandem stimulate both supply and demand for responsibly made global handcraft that help advance workers and communities.
DEVELOPING SUPPLY: ARTISAN CAPACITY BUILDING AND IMPACT

A PIPELINE APPROACH

NEST CONNECT
Bringing free, open access development services to all artisan businesses via webinars, an online living library, and a peer-to-peer Facebook group aimed at problem-solving challenges

REACH AND IMPACT

<table>
<thead>
<tr>
<th>Metric</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Artisan SMEs</td>
<td>488</td>
</tr>
<tr>
<td>Countries</td>
<td>92</td>
</tr>
<tr>
<td>Workers</td>
<td>160,000</td>
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</table>

<table>
<thead>
<tr>
<th>Metric</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skill-Based Volunteer Days</td>
<td>1,852</td>
</tr>
<tr>
<td>Value of Volunteer Time</td>
<td>$1.1M</td>
</tr>
<tr>
<td>Artisan SMEs Benefited</td>
<td>82</td>
</tr>
<tr>
<td>Countries</td>
<td>34</td>
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</table>

<table>
<thead>
<tr>
<th>Metric</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Revenue Growth</td>
<td>56%</td>
</tr>
<tr>
<td>Average Production Growth</td>
<td>120%</td>
</tr>
<tr>
<td>Average Staffing Growth</td>
<td>136%</td>
</tr>
<tr>
<td>Avg Percent Over the Minimum Wage</td>
<td>108%</td>
</tr>
</tbody>
</table>

*All metrics are cumulative since the launch of the program(s)*

CASE STUDY
Ensuring Full Economic Participation of Women in India

As the wife of a handloom weaver in rural Bihar, India, Indira often contributes to production by spinning the bobbins of yarn her husband uses for weaving. On average, Indira spends up to 4 hours spinning bobbins for every 8 hours of weaving done by her husband. Sometimes Indira’s daughter or sister, who live in the same household, will help out as well; but despite their work, these women do not directly earn an income for their labor. Historically, the weaving business Indira’s husband produces for has considered her husband the sole artisan of the household. When negotiating the piece rate wages paid to weavers for each meter of fabric woven, the business accounts for the time and technical skill needed for solely the men’s weaving portion.

Nest’s Compliance Program for Homes & Small Workshops uncovered 150—200 “hidden workers” like Indira throughout a single supply chain. During the pre-assessment training, Nest trained the business’ leadership in conducting time-motion studies to accurately determine piece rate wages that factor into preparatory work. These studies are helping the business identify wage gaps and make educated decisions about adjusting worker wages to include compensation for previously hidden work. As a result, Indira and her family are able to earn fair wages for their contributions, helping to ease the burden of school fees and to increase household savings. In speaking with Indira, it is easy to see how her newfound recognition as an artisan has built her confidence and pride.
STIMULATING DEMAND: SYSTEMS CHANGE THROUGH PRIVATE SECTOR PARTNERSHIP

This year, Nest’s consulting work with brands evolved much deeper, embedding a team member within Target Headquarters to bring a holistic approach towards integrating artisanal handcraft into the brand’s supply chain. Working closely with the brand’s cross-functional teams allowed for collaborative refinements of current processes to fit the handcraft product at scale.

Nest, in partnership with CCR CSR and Save the Children Germany, engaged in a critical research study to assess the effects of homework on children through a series of quantitative and qualitative surveys conducted across 7 countries. Our hope is to identify the positive impacts of homework on families, encouraging industry reform and reconsideration of harmful no-homeworker policies. Several brands collaborated on this effort.

Bridging the skills and education gap between emerging artisans and industry professionals, Nest joined with international luxury house, Hermes, to launch a 3-day convening hosted for United States-based craftspeople at the brand’s NYC headquarters. The immersive experience engaged 16 artisan leaders in hands-on workshops, panels, and one-on-one mentorship sessions spanning marketing and sales, all led by Hermes employees.

TRANSPARENCY & WAGES

Nest’s revolutionary Compliance Program for Homes and Small Workshops is filling an industry gap for supply chain transparency and development beyond the regulated factory. By making home-based work transparent and safe, Nest is helping to stimulate responsible artisan purchasing while disbanding outdated policies that limit opportunities for women and informal economy workers. The program, implemented with 52 suppliers in 10 countries, is already yielding significant results with the following impact on worker wages:

- **69%** INCREASE in appropriate wage-setting methodology
- **66%** INCREASE in maintained record keeping systems, including wage records
- **50%** INCREASE in supply chain transparency with all workers identified & documented
- **44%** INCREASE in wage remediation to meet minimum wage rates
FINANCIALS

EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>Actuals 2017</th>
<th>Budget 2018</th>
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</thead>
<tbody>
<tr>
<td>PROGRAMMING</td>
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<tr>
<td>Artisan Guild Programs</td>
<td>$543,037</td>
<td>$1,013,647</td>
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<tr>
<td>Compliance &amp; Contracted Work</td>
<td>580,867</td>
<td>894,394</td>
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<tr>
<td>Research &amp; Advocacy</td>
<td>394,700</td>
<td>489,229</td>
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<tr>
<td>DEVELOPMENT</td>
<td>216,316</td>
<td>370,149</td>
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<tr>
<td>ADMINISTRATION</td>
<td>142,601</td>
<td>195,458</td>
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<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>$1,877,520</td>
<td>$2,962,877</td>
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REVENUES

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
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<tbody>
<tr>
<td>Foundations</td>
<td>$466,670</td>
<td>$870,000</td>
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<tr>
<td>Restricted Multi-Year Grants</td>
<td>277,050</td>
<td>250,000</td>
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<tr>
<td>Fee for service Partnerships</td>
<td>327,877</td>
<td>897,900</td>
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<tr>
<td>Corporate Philanthropy</td>
<td>329,045</td>
<td>430,000</td>
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<tr>
<td>Individuals</td>
<td>301,499</td>
<td>360,600</td>
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<tr>
<td>Trips &amp; Events</td>
<td>320,835</td>
<td>240,000</td>
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<tr>
<td>Other</td>
<td>6,362</td>
<td>39,000</td>
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<tr>
<td><strong>TOTAL REVENUES RAISED</strong></td>
<td>$2,029,338</td>
<td>$3,087,500</td>
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</tbody>
</table>

2017 ACTUAL EXPENSES

2018 PROJECTED EXPENSES

NEST FAMILY

BOARD OF TRUSTEES
Jim Brigham, Chairman
Heather Winn Bowman
Marty Cordes
Brendan Cullen
Julie Meyer

FOUNDING BOARD
Susanna Johnson Bird
Molly Carter
Kari Erickson Woolf
Lauren Hurst

ADVISORY BOARD
Ashley Shaw-Scott Adjaye
David Adjaye
Sean Ansett
Pam Baer
Alex Bellos
Jim Brett
Jeffrey Brown
Burak Cakmak
Phoebe Campbell
Kristy Caylor
Natalie Chanin
Livia Firth
Amanda Hearst
Mara Hoffman
Jill Iscol
Deborah Palmer Keiser
Niclas Kjellström-Matseke
Steven Kolb
Lauren Bush Lauren
Melissa Joy Manning
Susan McPherson
Andrew Morgan
Allison Whipple Rockefeller
Amy Christiansen Si-Ahmed

Ellice Sperber
Krista Stack
Lauren VonAllmen
Bandana Tewari
Amber Valletta
Anne Wattis
Wen Zhou
Paul van Zyl
NEST 2017 FAMILY OF CONTRIBUTORS

$250,000+
Bloomberg Philanthropies
QVC
Winn Family Foundation

$50,000 – $249,999
Draper Richards Kaplan Grant
Humanity United
Levi Strauss Foundation
Clare McCamy and Harrison Miller
Target
West Elm

$25,000 – $49,999
Heather Winn Bowman
Cordes Foundation
Fabric of Change, supported by Ashoka and the C&A Foundation
Louise Parzick
Nicole Pechanec and Andrew Luck
Marissa Sackler
Paul and Anne Wattis
Ann and David VonAllmen

$10,000 – $24,999
Jerry and Diane Cunningham
Doris Duke Charitable Foundation
Eileen Fisher Community Fund
IF Hummingbird Foundation—Jill Iscol
Imago Dei Fund
Jaipur Living, Inc.

$5,000 – $9,999
Charlotte & Dan Blanks
Frances Cobb
Judy and James Dimon
Jane Ehinger
Leah Friedman
Mara Hoffman
James Peterson Foundation
Kastory Family Foundation
Michelangelo Foundation
Alisa H W Ng
Charles & Judy Tate
Lorenza Wong

$1,000 – $4,999
Nancy and Douglas Abbey
Anonymous
Bembien
Susanna and Jason Bird
CharityBuzz
Sharon Davis
Marco Del Prete
Elizabeth Dressel
Kari Erickson

This list shows philanthropic contributions. Brands with fee-for-service partnerships with Nest are listed below.

2018 BRAND, CORPORATE & KEY PARTNERS

All Across Africa
Amazon
Atharna
Catriona Mackechnie Inc.
CCR CSR
Cienne
Daughters of Gaea
El Corte Inglés
Gudrun Sjödén
IKEA
Jahnkoy
Jaipur Living

JS Group International
Kering Foundation
LLBean
Mara Hoffman
Natalie Kaelin Home Goods
NYU

Oscar de la Renta
Rede Asta
St. Roche
Staprans Designs
The Valerie Parr Company Inc.
Zoobeetle Paris

Nest is profoundly grateful for the pro bono legal support from Foley & Lardner.