

NEST AND ALLPA PERU: RENDERING TRANSPARENT ARTISAN SUPPLY CHAINS

Introduction

Rebecca Van Bergen, Founder and CEO of Nest, reviewed the latest results of an artisan work audit with Allpa Peru completed by the Nest Compliance Team. Nest, a nonprofit organization, practiced social innovation by focusing on key areas within fashion supply chains to make artisan work outside the factory walls, such as in artisan communities and homes, transparent. Nest helped fashion brands build stronger relationships with their suppliers by organizing and building management processes that assisted both the brand and retail suppliers to understand, monitor, and manage relationships with their artisan workers. The global reach of Nest grew substantially over the years, influencing the management of artisan work relationships. At Nest's Artisan Leadership Summit, global leaders shared their ideas on how to incorporate economic, social, and environmental objectives in artisan work.¹ "Since the program's inception, more than 50 artisan leaders from over 15 countries have made the journey to NYC, where brands like Warby Parker, Facebook, and Hermes, invited them into their headquarters and store floors for immersive learning and unforgettable growth experiences."²

Allpa Peru, a leading exporter of high quality hand-made products from Peru, described its mission:

Allpa is a Peruvian craft trading company that sells a variety of handicrafts, including alpaca textiles, silver jewelry, ceramics, and woodcrafts. This World Fair Trade Organization provides market access to over 250 women and family workshops throughout Peru and provides them with craft skills training, coaching, and access to low interest loans. Allpa focuses on providing its artisans with a yearly sustainable income, while producing modern designs with pre-Colombian elements that have been passed down

¹ E. Farra, "Nest Gathers Industry Leaders at the United Nations to Discuss the New Handworker Economy and the Future of Ethical Fashion." *vogue.com*, December 11, 2017, <https://www.vogue.com/article/nest-united-nations-artisan-leadership-summit-handworker-economy-ethical-fashion>, accessed March 26, 2023.

² Nest, "Artisans," "Artisans Leaders' Summit," <https://www.buildanest.org/industry>, accessed January 31, 2023.

This case was prepared by Dr. Caroline Daniels, Full Professor of Practice in Entrepreneurship, with support from Cheryl Kiser, Executive Director, Institute for Social Innovation & Babson Social Innovation Lab at Babson College and input from Rebecca Van Bergen, Sara Otto, and Shalini Suresh of Nest and Luis Heller, of Allpa Peru. It was developed as a basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. It is not intended to serve as an endorsement, a source of primary data, or an illustration of effective or ineffective management.

Copyright © 2023 Babson College and licensed for publication to Harvard Business Publishing. All rights reserved. No part of this publication may be reproduced, stored, or transmitted in any form or by any means without prior written permission of Babson College.

*for generations. The goal of the organization is to turn artisans into entrepreneurs through support, training, and technical assistance.*³

Yet even though Allpa was dedicated to worker well-being and had established a method to collect management information that would lead to full transparency, there was still room for improvement to be responsive to the expectations of the American and global market and consumers. Full transparency for the breadth of the supply chain would include monitoring and tracking information through to the artisans' creation of products. One common challenge had been establishing the rate at which individual artisans completed a piece of work. This metric was important in being able to set equitable pay-per-piece levels. However, many work measurements needed to be established, requiring Nest training for Allpa and the artisans in how to collect and report operational information on an ongoing basis to allow full monitoring of working conditions and fair pay practices. Nest developed work flows, business model processes, and training programs to enable artisan work to be tracked with analytics based on their work conditions and processes.

A well-recognized Homeware Brand⁴ in the United States was interested in ordering products from Allpa to offer their customers, believing that the artisanal products were not only beautiful and of high quality but also ethically made. Increasingly, fashion brands including home fashion brands established that their customers were interested in beautiful and sustainable products but also wanted proof that worker welfare throughout supply chains was certified and transparent to customers. In addition, the brand story could be enhanced by connecting customers' experience with the products to an understanding of where they were made and by whom, identifying the country, community, and often even the very hands that made the crafts. Patagonia, a well-known apparel and food brand, had made such processes for their company fully transparent by making the "Footprint Chronicles" available on their websites.⁵ Another method for brands to demonstrate full transparency and establish authenticity with the consumer was to gain recognition through meeting various fair trade certification requirements, such as those published by the World Fair Trade Organization, Ethical Style, and Nest.

Homeware Brand asked for Nest's help in making the artisan supply chain more transparent so that it could assure customers that they were not only selling great products but also practiced what they preached in terms of social values. Homeware Brand wanted to know if Nest could help develop business model processes and tools with Allpa Peru to render standards and measures of artisan work outside the factory, such as community or in-home work, to meet a high standard of fair trade policy. The task included putting in place tangible measuring processes that would allow ongoing monitoring, thereby achieving transparency all the way through the supply chain.

Sara Otto, Senior Director of Compliance, and Shalini Suresh, Director of Research & Worker Wellbeing at Nest, had just returned from a field trip to Allpa Peru during which they met with staff and artisans who made Allpa's products. Accompanied by a representative from Allpa, they visited the facilities and homes where Allpa Peru's handicrafts were made. Many of these

³ Allpa, "Global Goods Partners, Buy Handmade – Change Women's Lives," Allpa, <https://globalgoodspartners.org/collections/allpa>, accessed December 12, 2021.

⁴ For the purposes of the Case, we refer to the Company as "Homeware Brand"

⁵ Patagonia, "Introducing the new footprint chronicles on Patagonia.com," <https://www.patagonia.com/stories/introducing-the-new-footprint-chronicles-on-patagoniacom/story-18443.html>, accessed December 12, 2021.

products, including woven blankets, throws and pillow covers, wooden framed mirrors, and pottery, made use of Peruvian sustainable materials including alpaca fiber, wood, copper, and clay.

Allpa Peru

Allpa was started by two sociologists, Nelly Canepa and Maria del Carmen de la Fuente, to sell pottery, textiles, and other crafts made by artisans from different regions in Peru. Allpa, a member of the World Fair Trade Organization, promoted justice with artisans and business partners. Nest initiatives dovetailed with the work Allpa had done and extended the transparency to home and community-based work. Canepa and de la Fuente were excited to work with Nest to continue developing best practices and management tools in the supply chain directed at the conditions of workers. Allpa business was steeped in the principles of fair trade, but they had yet to establish processes that monitored the homemaker artisan level where the products were often created.

Canepa and de la Fuente appointed one of their lead managers, Luis Heller, to work on the project based on his passion for equitable treatment of workers and his knowledge of fair trade practices. In addition to working at Allpa, Heller served as a Global Board member of the World Fair Trade Organization representing Latin America and was deeply involved in the global fair trade movement. Having Heller and Nest work together ensured that the very highest possible standards would be met.

Nest

Rebecca Van Bergen started NEST in 2006. Its mission focused on “building a new handworker economy to increase global inclusivity, improve women’s wellbeing beyond factories, and preserve important cultural traditions around the world.”⁶ The ultimate objective was to enable artisan businesses to have the necessary resources to scale operations, especially those employing women. Various estimates had the amount of work created outside factory walls at somewhere between 20% and 50%, but the exact numbers were not known because standards and processes to capture this data largely did not exist. Nest sought to fill that gap, to make visible the work of artisan workers with the aim of supporting equitable work practices and trading processes, thereby allowing companies to make supply chains fully transparent. By making artisan work practices transparent, the capability to display work practices throughout the whole value chain would be possible. It was an important gap to fill and a key step in ensuring equitable working conditions for artisans around the world.

Van Bergen had questions. Where are the standards for artisan work? What are the management work processes involved? Simultaneously and increasingly, customers had begun basing purchase decisions on the values of companies, not just for the products offered, but for the values they represented as well. The fair trade movement had been gaining momentum, but with digital access enabling measuring and monitoring practices, where were the information processes supporting artisan work? Responsible brands wanted to be able to see through their entire value chain, including artisan work, but how could this be achieved? Companies that attempted to build transparent supply chains needed and wanted to know how they could go about establishing this

⁶ Nest, “Our Mission,” <https://www.buildanest.org/about/>, accessed December 12, 2021.

process effectively – how could Nest help create the process efficiently? Further, how could fashion companies be sure they were paying a living wage? While in the beginning, Nest began implementing micro loans and capacity building, Nest’s work developed over time to create a holistic method including transparent tools for managing, measuring, skill sharing, training, compliance, capacity building, and business development (see **Exhibit 1**).

Several drastic events in the lack of fair treatment to factory workers and artisans in the fashion industry caught world attention early in the twenty-first century. These events shocked consumers and served to mobilize companies to seek out ways to treat workers safely and equitably throughout their supply chain. The Dhaka Garment Factory collapse and fire in the Rana Plaza building in Dhaka, Bangladesh, in 2013 was one of the most notable tragedies that occurred. Over one thousand workers died and an additional 2,500 were injured. Months before, there had been warnings that the building was on the verge of collapse, but nothing was done to improve the working conditions.⁷ . The Dhaka Garment Factory exposed the hazards of industry work practices, and the world stood witness to the consequences when no one was measuring and monitoring safety in work environments. After Dhaka, activists and consumers became even more focused on buying from companies that ensured fair treatment of workers. This provided a further stimulus to act by companies, investors, and, more broadly, individual customers when exercising their purchasing power. Customers began taking up more of the responsibility to address the question of who is responsible for fair trade work practices by answering with their actions. The message was clear: *We All Are*.

Patagonia and many others led activist efforts by creating documentaries, speaking out about fair trade practices, and questioning business principles. Where once companies felt they could work with suppliers and hand over the responsibility for equitable treatment for workers to their business partners, somewhere in the value chain that changed irrevocably when the Dhaka Garment Factory collapsed.

Nest Programs

As Founder and Executive Director of Nest, Van Bergen and her team developed a comprehensive set of programs to facilitate their work. These programs included

- Nest Guild & Nest Connect: The Nest Guild connected more than 500 artisan businesses across over 90 countries with exciting growth opportunities.
- Nest Sourcing: Handworkers were getting more orders than ever without bearing the brunt of unethical middlemen.
- Artisan Accelerator: Nest’s intensive 360-degree integrated support put artisan businesses on an expedited path to growth.
- Makers United: The craft-based cottage industry had potential to create new opportunities for makers currently operating outside the mainstream US economy.
- Summits & Convening: Each year, a select group of artisan leaders traveled to New York City for industry immersion and leadership development.

⁷ Alam, Julhas; Hossain, Farid (13 May 2013). "[Bangladesh collapse search over; death toll 1,127](#)". *Yahoo News*. Associated Press. accessed 13 May 2013.

- Professional Fellowships & Employee Engagement: Nest’s network of professional fellows was bringing targeted, high-impact and scalable consulting to an ever-growing handworker population.
- Nest and Madewell Hometown Heroes Collective: Together in 2019, Madewell and Nest launched the Hometown Heroes Collective. Since then, the program featured more than 30 makers on Madewell’s online marketplace and gave them meaningful support to help them grow their businesses.
- In addition to these programs, Nest published the “She Report” that described the state of the Handworker Economy.⁸

In developing the Nest Seal, they focused on defining ways for companies to meet ethical compliance standards related to artisanal work and display their ability to do so. Nest described the Nest Seal accreditation process as The Nest Ethical Handicraft Program (see **Exhibit 2**).

“The Nest Ethical Handicraft Program was created to generate industry-wide transparency and compliance for production taking place beyond the four-walled factory. The Nest Seal incorporates hands symbolizing humanity, cooperation, and handicraft, as brought together with the image of a bird, depicting Nest’s work to give artisan businesses the wings they need to fly.

Nest’s Ethical Handicraft Program stands to revolutionize the industry by making home work a safe and viable option. Measuring compliance across a matrix of more than 100 Standards, the training-first program is tailored to address the wide degree of variation in decentralized supply chains, which may result from factors such as multiple layers of subcontracting, migrant labor forces, and broad geographic dispersal. The program stands apart for its dedication to cultural sensitivity and handworker ownership in decision-making.”

Working Together Nest and Allpa Peru & the Nest Seal

Beginning in 2015, Heller, Otto, and Suresh visited several different locations across Peru where homemaker artisans made products for Allpa. Different geographic locations had community workers who specialized in different types of crafts. Ceramics artisans lived and worked in a valley area called Chulucanas near the confluence of the Charanal and Pirua Rivers. Wooden mirrors were made by artisans in Lima, the capital of Peru. Alpaca were raised in Huancayo, a commercial and cultural center for the Andes in the central highlands of Peru with an elevation of just over 10,000 feet and in Paucara, capital of the Paucará district in the Acobamba Province in the Huancavelica Region with an elevation of over 12,000 feet. The Alpaca fiber from these regions was spun and woven into textile products including throws, blankets, and pillow covers (see **Exhibit 3**, **Exhibit 4**, and **Exhibit 5**).

Otto and Suresh remembered adjusting to the various altitudes of the regions of Peru while they drove and observed the beauty of the environment in Peru. They conferred with Heller and home workers about their crafts and work practices. Several changes to the way work was reported were

⁸ Nest, “Our Work,” <https://www.buildanest.org/programs/>, accessed December 12, 2021.

⁹ Nest, “The Nest Standards for Home and Small Workshops,” <https://www.buildanest.org/the-nest-seal/ethicalhandicraft/>, accessed December 12, 2021.

developed to enable measurable transparency in the work processes. For example, workers were traditionally paid by the number of pieces they produced, but they rarely kept track of the time it took to make each piece. To be able to demonstrate that fair wages were being paid, Nest shared management tools to enable Allpa and the artisans to determine how much time workers were spending to create each piece. Establishing this process and reporting mechanism was important because worker pay standards were based on work time per piece. Creating a time measurement of work per piece meant that equitable pay could be monitored over time.

Establishing the amount of time it took to make a given product was not always easy since many of the workers frequently intermixed home activities and family responsibilities with their work. For example, a worker might begin working on a wooden mirror in the morning while the children headed to school, then make lunch for her or his family mid-day, take care of a few domestic responsibilities, then go back to making the mirror frame in the afternoon. Allpa and the Homeware Brand needed to know time per piece to be able to demonstrate fair trade payment practices.

Success of the Nest & Allpa Peru Collaboration

For six years, Nest and Allpa collaborated on building a sound program that not only rendered the artisanal worker supply chain transparent and increased communication required by the compliance process that improved trust between Allpa and the artisans but also led to innovative methods to create products. For example, the increased communication led to innovations in weaving and looms that subsequently created a wider variety of products effectively and efficiently. Allpa helped to finance new looms that improved the work experience, and increased productivity as well as worker wages. In addition, technology was increasingly shared. Many workers attended workshops via Zoom to understand management tools that led to increased efficiencies. All in all, the relationship between Allpa and the artisans grew more productive, innovative, and visibly equitable.

In addition, Allpa Peru and the artisans experienced significant growth in their ability to carry out global partnerships with leading retailers around the world. Allpa Peru earned several accreditations, including the Nest Seal as well as the World Fair Trade Organization and Ethical Style certifications. The accreditations allowed global retailers to know and trust that Allpa Peru's relationships with all workers stood up to fair trade standards. The retailing customers had the assurance from Homeware Brand, Allpa, and from the artisans in the way the compliance work was carried out which made it easier for global companies to buy from Allpa. Heller described the success this way:

“The artisans and Allpa became more synchronized. Nest interviewed the artisans, and we began talking more. By following the Nest Compliance Process, we were able to adapt the work processes to fit the artisans in a much better way and much more streamlined. We share charts that both the artisans and Allpa have access to, in order to measure the work, share ideas about how to improve work, and we discuss the pay – the artisans have a better idea of what they would like to be paid. And that is very important, because we are fighting for fair pay, but we need to prove it, so this allows us to show that the pay is fair. And this is a great tool for the artisans to use to build their business. Both the artisans and Allpa own the reporting charts together. It's better to be more transparent and Nest helped translate that. It helps the artisans feel more connected. The artisans understand clearly how they can

improve the way they manage their business to make money – this transparency is important to help them build their businesses.”¹⁰

Over the years, support for the Nest organization grew quickly. The demand in the fashion industry had been mounting in part due to an increasing demand by customers that companies provide transparent information about supply chains and work practices.

The Challenge

With the example of Allpa and many others around the globe, how could Nest continue to grow to engage with more fashion brands to make an even greater impact on the industry and help it reach a tipping point where fair work practices, right down to the hand that made products, became standard practices?

Support in the fashion industry for transparent supply chains grew every year. At the Copenhagen Fashion Summit, held virtually in 2020, leaders explored and shared methods and practices to build a circular model of the fashion industry that included social practices to support workers throughout the value chain. Many of the world’s leading fashion companies worked with the United Nations to create and sign the United Nations Fashion Compact and formed the UN Alliance for Sustainable Fashion. This action acted as “*a call to companies to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take action in support of UN goals.*”¹¹ In the hopes of making positive change, these ten principles of the UN Global Compact that the Fashion industry endorsed with the UN Fashion Compact addressed Human Rights, Labour, Environment, and Anti-corruption:

Human Rights

Principal 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principal 4: the elimination of all forms of forced and compulsory labour;

Principal 5: the effective abolition of child labour; and

Principal 6: the elimination of discrimination in respect of employment and occupation.

¹⁰ Luis Heller, interview by author, Lima, Peru, July 9, 2020.

¹¹ United Nations Global Compact, “The UN Global Compact: Finding Solutions to Global Challenges,” <https://www.un.org/en/un-chronicle/un-global-compact-finding-solutions-global-challenges>, accessed December 12, 2021.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.¹²

After all, “the clothing and textile industry in 2020 contributes \$2.4 trillion to global manufacturing, employs 86 million people worldwide (mostly women), is responsible for 8-10% of the world’s greenhouse gas emissions, 20% of industrial wastewater pollution worldwide, and \$500 billion of value is lost every year due to clothing underutilization and lack of recycling.”¹³ The United Nations and the fashion industry have worked together to identify the main problems that companies face so that solutions can be addressed, including the ability to measure, manage, and monitor work practices. Without a way to define, implement, and measure good work practices throughout the supply chain, including work beyond factory walls, how could a truly transparent supply chain become part of every fashion company’s business model? Nest had effectively developed such a compliance process, but some brands were slow to take on the challenge of thorough transparency right through to the hands that make the products, the artisan workers.

Musing over the prospect of building a fully transparent supply chain standard and process for the fashion industry, Van Bergen and her team reviewed the Allpa file to get ready for their call with Heller, Canepa and de la Fuente. Allpa had made enormous progress and could be viewed as a wonderful example of how companies can manage their supply chains and monitor work practices effectively. Canepa and de la Fuente thought about the many companies grappling with supply chain transparency issues. The mission of Nest was focused on helping companies build best practices for transparency. At their next meeting with fashion industry executives and managers and at the next gathering of Artisan Leaders at the United Nations, Van Bergen and her team were hoping to share the Allpa CEOs’ insights.

Once companies experienced the benefits of working with the compliance process to create a transparent supply chain through to include artisan workers laid out by Nest, as Allpa did, they could show customers that their entire supply chain was transparent. The process, then, would become a 4-way win for customers, workers, companies, and the environment. Van Bergen and Otto thought about how to share this story with fashion companies so that more would become eager to build similar processes to ensure fair treatment of workers who make the products in their companies, including those outside the factory walls. Moreover, if the fashion industry can do this, they thought, what other industries could benefit from the processes developed at Nest to enhance their supply chains?

¹² United Nations Global Compact, “The Ten Principles of the UN Global Compact,” <https://unglobalcompact.org/what-is-gc/mission/principles>, accessed December 12, 2021.

¹³ United Nations Fashion Alliance, “Sustainable Development Goals,” <https://unfashionalliance.org>, accessed December 12, 2021.

Exhibit 1: Nest Programming Schematic¹⁴



Photo: Courtesy of Nest

PHILANTHROPIC PARTNERS

- BLOOMBERG PHILANTHROPIES
- BRAVO FAMILY FOUNDATION
- BRUCE C. ABRAMS FOUNDATION
- THE CORDES FOUNDATION
- DORIS DUKE CHARITABLE FOUNDATION
- COMMUNITY FOUNDATION OF GREATER BIRMINGHAM
- HUMANITY UNITED
- IF HUMMINGBIRD FOUNDATION
- IMAGO DEI FUND
- JAMES S. PETERSON FOUNDATION
- KASTORY FAMILY FOUNDATION
- MACDONOUGH FOUNDATION
- MASTERCARD CENTER FOR INCLUSIVE GROWTH

- MAUZE FAMILY CHARITABLE FUND
- MIT INCLUSIVE INNOVATION CHALLENGE
- MIKE & GILLIAN GOODRICH FOUNDATION
- NEWMAN'S OWN FOUNDATION
- OAK FOUNDATION
- RUNG FOR WOMEN
- SAME SKY FOUNDATION AT TIDES
- SOULS GROWN DEEP FOUNDATION
- STAPLES TRUST
- SWAROVSKI FOUNDATION
- THE WALT DISNEY COMPANY
- WINN FAMILY FOUNDATION

BRAND AND CORPORATE PARTNERS

- BEMBIEN
- DELL Technologies
- ebay
- ECO
- Etsy
- EU International Trade Centre
- H&M
- kate spade
- KERING FOUNDATION
- Levi's
- L'OREAL
- MARA HOFFMAN
- MasterCard
- POSCO
- qurate
- salt
- Sound Postings
- SWAROVSKI
- TORY BURCH

STEERING COMMITTEE

- amazon
- THE CHILDREN'S PLACE
- EILEEN FISHER
- J. CREW
- Madewell
- patagonia
- PVH
- TARGET
- west elm

¹⁴Nest, "Artisans," "Artisans Leaders' Summit," <https://www.buildanest.org/industry/>, accessed January 31, 2023.

Exhibit 2: The Nest Standards for Home and Small Workshops¹⁵

The Nest Ethical Compliance Standards for Home and Small Workshops

Introduction

NEST'S MISSION AND VISION

Nest is a nonprofit 501(c)(3) supporting the responsible growth and creative engagement of the artisan & maker economy to build a world of greater gender equity and economic inclusion. Through programs that support the wellbeing of artisans both in the United States and globally, Nest is bringing radical transparency and opportunity to the informal handworker economy.

NEST'S THEORY OF CHANGE

For centuries, craftspeople and handworkers around the world have played critical roles in reviving and sustaining local creative economies, often working from informal settings like homes and small workshops. Their work ranges from skilled craftsmanship to simple handwork tasks like sewing soles on shoes or stringing beads onto apparel.

The scale of these informal workers is larger than many realize—the ILO estimates that upwards of 300 million people work from home, engaged primarily in handwork. Predominantly women, these workers are often unrecognized and the implementation of their social protections is the exception rather than the norm.

This is in spite of the fact that handworkers contribute over 1.2 BN in value to our global GDP and that when women work, they invest more than 90% of their earnings back into their families.

Despite the scale and potential for impact, craft remains a largely invisible sector. In a survey of 130 brands, over half shared that they don't have a clear understanding of where their products are made. And of 50 institutional funders, only .02% had invested in the hand and homework sector.

Nest believes that when artisan businesses, brands and philanthropists come together, we can unlock the potential of the handworker economy to grow with economic dignity—enabling millions of individuals and their surrounding communities to thrive. To date, more than 120 artisan businesses in over 20 countries have participated in Nest's Ethical Handcraft program, contributing to improved transparency and increased wellbeing to an estimated 45,000+ handworkers.

OBJECTIVE OF THESE STANDARDS

Artisan craft production is cited as a more than \$526 billion global industry.¹⁶ The World Bank found that craft production is a large employer of women in rural India, and Lucy Siegle's book "To Die For" cites that somewhere between 20–60% of garment production alone is done in homes, not factories.¹⁷ While the fashion and home industry's home-based labor force represents an enormous global population, these workers, who are predominantly women, have been largely overlooked and underserved.

The purpose of the Nest Standards is to make home and small workshop-based labor for the fashion and home industries (with potential application for broader industry types) visible and safe, in accordance to standards agreed upon across the entire retail industry.

To address the complexities of decentralized supply chains, the Standards uniquely use a matrix outlining responsibilities for multiple members of complex supply chains including multiple middlemen, intermediaries or subcontractors between the business and the final worker. Nest maps out specific responsibilities for every layer of the supply chain with the goal

¹⁵ Nest, "The Nest Standards for Homes and Small Workshops," <https://www.buildanest.org/wp-content/uploads/2022/08/The-Nest-Standards-for-Homes-and-Small-Workshops-7.7.2021-1.pdf>, accessed March 26, 2023.

¹⁶ Research and Markets, Ltd. "Handicrafts Market: Global Industry Trends, Share, Size, Growth, Opportunity and Forecast 2018-2023.) Research and Markets – Market Research Reports, Welcome, June 2018.

¹⁷ Lucy Siegle. To Die for: Is Fashion Wearing out the World? Fourth Estate, 2011.

NEST AND ALLPA PERU: RENDERING TRANSPARENT ARTISAN SUPPLY CHAINS BABSON COLLEGE – BAB737

of making sure that even the primary producer (in this case, the handworker/artisan) is educated on his/her rights and wellbeing.

Nest's goal is to move beyond assessment to assist homemaker businesses and their brand partners in making positive improvements in current compliance practices. Every single Nest Standard maps directly to remediation that Nest already has the tools to implement, as built upon its 15+ years in handworker development.

Lastly, the Nest Standards were designed with the goal to ensure handworker ownership and a sense of trust. Assessments are conducted with respect to cultural context and sensitivity of informal economy vendors. Nest works hand-in-hand with the handworker business, empowering them to draw from their experience and expertise in order to develop processes that have the greatest likelihood of adoption while still conforming to the Nest Standards. Nest holds that the ability to build trust with the vendor as critical in ensuring a reliable assessment outcome.

DEVELOPMENT OF THE STANDARDS

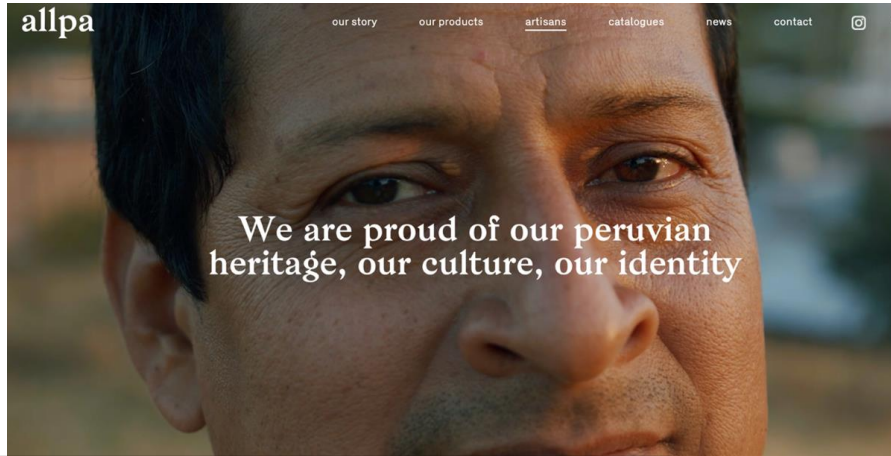
Nest's 15+ years working onsite alongside homemaker businesses around the world informed its deep understanding of the existing barriers to transparency and wellbeing for this global, historically invisible workforce.

After being approached by brand partners on industry-wide standards for assessing labor beyond factories, Nest conducted a double-blind brand survey conducted by consulting firm, GLG. Survey results indicated high prevalence of subcontracting without consistent tools for third party assessment of non-factory-based labor. Nest further conducted a competitive analysis of 30 of the top supply chain auditing and certification systems to uncover that none sufficiently addressed labor in a home-based or small workshop setting.

Using its internal assessments as starting point, Nest carried out comprehensive reviews of existing factory auditing standards including SA 8000, FLA and Fair Trade USA, to build the foundations for the Nest Standards. Nest consulted with compliance experts as well as numerous homemaker business leaders, to further weigh in on the Standards.

Nest refined the Standards alongside its Steering Committee of brand partners to ensure industry-wide applicability and buy-in. Steering Committee members include: Eileen Fisher, Patagonia, PVH, Target, The Children's Place, and Williams Sonoma, Inc.. Nest began piloting the compliance program onsite in 2014. Since 2014 through the Standards' launch on December 7, 2017, Nest completed 42 assessments in 5 countries. To ensure wide applicability of the program across a range of business structures, craft types, and geographies, Nest and its partners diversified the businesses engaged in the pilots.

Exhibit 3: Allpa Peru¹⁸



Our work

We collaborate with artisans who have great skill and are able to produce unique and beautiful crafts. With them, we establish a sort of association which allows us to participate in their workshops, designing and developing new exclusive and high-quality products, innovating in equipment, tools and production process. All of this with the idea of bringing the workshop to a new level of growth with capacity to go to the global market in a successful way.

We share the stories of our artisans with our clients as we want them to value the experience of buying products made in Peru.

Creating new products is a tremendous challenge, when you think about the unstoppable flow of merchandises of all kinds that constantly go to the market. It is a puzzle to think about what novelty we can bring to this market, surprising our clients, convincing our artisans, doing the match with quality and price in order to have successful sales.

All this work involves a permanent seek for innovation and a big support of our artisans in management themes.

Source: <https://allpaperu.com/artisans/>



¹⁸ Allpaperu, "Artisans - new (2022) Allpa," <https://allpaperu.com/artisans/>, accessed January 31, 2023.

Exhibit 4: Allpa Peru Products¹⁹

ALLPA CODE : TTHO02263	ALLPA CODE : TTHO02377	ALLPA CODE : TTHO02158
YOUR CODE :	YOUR CODE :	YOUR CODE :
Q: 1 \$40.00	Q: 1 \$40.00	Q: 1 \$40.00
L: 59.00 W: 50.00 H: 0.00	L: 80.00 W: 50.00 H: 0.00	L: 59.00 W: 50.00 H: 0.00
SIZE:	SIZE:	SIZE:
		
ALLPA CODE : TTHO01445	ALLPA CODE : TTHO01447	ALLPA CODE : TTHO01176
YOUR CODE :	YOUR CODE :	YOUR CODE :
Q: 1 \$20.00	Q: 1 \$20.00	Q: 1 \$20.00
L: 21.00 W: 21.00 H: 0.00	L: 21.00 W: 21.00 H: 0.00	L: 21.00 W: 21.00 H: 0.00
SIZE:	SIZE:	SIZE:
		



Sustainability

For us this means several things:

- make sure we leave a healthy planet for future generations
- use renewable materials, resources, and energy
- create job and income opportunities for the younger generations through permanent orders
- work towards a process of social and economic development
- strengthening of our producers and collaborators to make sure we all grow our capacities

Social impact

Crafts production is a way of creating jobs with relatively low investment. This encourages us to keep looking after market opportunities with new products every day. Not an easy job in this global and increasingly demanding world of today.

But the challenge is there and we feel we do our job when orders come in a permanent way and assure better incomes for all parts involved. We get inspiration from the traditional techniques and we use them to create contemporary textiles, pots, decorative objects and garments. Women and men depend on this production to make their living for them and their families.

¹⁹ Ibid.

Exhibit 5: Allpa Peru Artisans²⁰



Woodworking and Framing



Ceramics



Woman with Alpaca



Weavers with Looms

²⁰ Ibid.

Exhibit 6: Sara Otto from Nest (with hat) and Luis Heller from Allpa Peru (furthest on right)²¹



²¹ Nest, "Sara Otto from Nest (with hat) and Luis Heller from Allpa Peru (furthest on right), Nest," <https://buildanest.org>, accessed January 31, 2023.