

# THE NEST CODE OF CONDUCT FOR HANDWORKERS

The Nest Code of Conduct for Handworkers is designed to address the distinct characteristics of the home or small workshop production value chains. The Code promotes the importance of production under safe, lawful and humane conditions within the context of the unique operations of these decentralized and often informal supply chains. In all cases, home or small workshop production must meet identified minimum standards as described within this Code and the accompanying Standards mapped to Nest's Assessment model. Nest partners are encouraged to continuously improve conditions for all participants in their handwork production value chains.

Nest's compliance program is designed to assess work happening outside of the regulated factory environment, in homes and small workshops. Here, Nest is supporting "handworkers," a population Nest defines as people who work predominantly with their hands, as opposed to relying exclusively on the use of machines. This population includes manufacturers with a range of skills from master craftspeople and artisans to lower-skilled manual laborers. In nearly all cases, Nest concerns itself with those producers who are manufacturing for the fashion and home industries, though its model shows potential for future application across other industries such as consumer technology production.

This Code of Conduct lays out Nest's expectations, which map to the specific ethical and social requirements of Nest's Standards for Handwork Production.



## WORKER RIGHTS AND BUSINESS TRANSPARENCY

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Whether at home or in a central workshop, handwork production must be free of any form of discrimination, harassment or abuse.

All handwork production must be done by individuals working of their own free will. Handwork production must not be performed by individuals working who are forced, bonded, indentured or trafficked.

Handworkers must have a clear and documented means to voice their opinions and to report concerns to management, without fear of recrimination. In centralized production facilities, handworkers' lawful rights to freedom of association and collective bargaining must be respected.

Handwork production, including home-based and piece rate production, must be tracked and completed within cumulative hours of work that are in full compliance with all local laws and regulations, with an appreciation for the ebbs and flows of both a handworkers's demand for work and the irregularity of the production calendar.

The Code and accompanying Company policies must be communicated to all handworkers in a manner that is intended to provide them with an understanding of their rights, in the local language and with provisions for illiteracy. All managers and subcontractors within the supply chain are expected to uphold the principles contained within this Code of Conduct.

Handwork businesses should demonstrate commitment to transparency by keeping honest and up-to-date records of their policies, operations, wages, and production site locations. Contingencies can be made for illiterate employees. These records must be kept onsite and to the greatest extent possible, these records and policies should exist in digital format.

Handwork production elements must comply with all statutory requirements—including legal status when required. Records from handwork production elements should clearly demonstrate the businesses' operations, employment, contractor processes, and appropriate use of funding and other resources.



## CHILD ADVOCACY AND PROTECTION

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Children under the age of 15, the lawful age of employment consistent with ILO guidelines, should never participate in handwork production. The work performed by those handworkers between the age of 15 and 17 must follow specific regulations so that this work does not endanger their health, safety and wellbeing. While Nest recognizes and appreciates that the home is a place where parents may pass down craft skills to preserve endangered cultural traditions, children below the statutory minimum age must not participate in the act of production.



## FAIR COMPENSATION AND BENEFITS

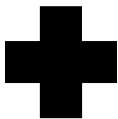
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Handworkers should be paid in a timely manner.

Handworkers must be paid at or above the statutory minimum wage for all handwork production. Piece-rate payment structures must utilize time studies to ensure compliance. Wages for handwork production should constitute a living wage and handwork businesses should work toward such wage levels.

Guidelines for deductions and higher-rate overtime wages must be clearly defined and stated to the handworkers. Businesses should utilize a system of incentives to promote meeting quality criteria, as opposed to penalizing with deductions for substandard product. However, if deductions for quality are taken, then quality expectations must be standardized and clearly communicated to handworkers prior to the acceptance of a production order.

Where applicable, handworkers must be provided all statutory benefits. Handworkers engaged on a piece-rate or part-time basis should be allowed to work for clients outside the handwork production business. Handworkers should have access to benefits, helping them to best provide for themselves and their families.



## HEALTH AND SAFETY

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Handwork Production site—whether a central small workshop or home-based site—must be a clean and safe working environment in compliance with applicable laws and regulations. Handwork businesses should take a proactive approach to caring for the physical and mental health, and safety, of the people who work within the business. The same care and consideration should be extended by retailers and brand employers when working with sole proprietorship handwork businesses.

Handworkers must be educated in the importance of safety; trained on proper procedures for machinery and chemical use when warranted; and have free access to PPE, safe machinery, sanitation, and emergency procedures,



## ENVIRONMENTAL CARE

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Handwork production should show care for the natural environment. All elements participating in handwork production should understand their role in the larger supply chain and the traceability of their raw materials.

Handwork production sites should practice energy conservation whenever possible.

The production process should include responsible solid waste disposal, waste water remediation, and proper handling of chemicals.



## WORKER WELLBEING

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Nest believes that craft production has the ability to provide more than just economic opportunity. As such, handwork businesses should strive to have a larger social impact on the communities with whom they work, through greater access to medical services, education opportunities, women's empowerment, and financial literacy.



## PRODUCTION PERFORMANCE

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Handwork business management demonstrates a commitment to improvement on any areas not in compliance with the Nest Code of Conduct for Handworkers. To the extent a handwork production element does not meet the requirements of the Nest Code of Conduct for Handworkers, the element is expected to take necessary steps to remediate identified issues.