

GoodWeave International Annual Report

2018 YEAR IN REVIEW
HIDDEN SUPPLY CHAINS
REVEALED



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Dear friends,

In December 2018, GoodWeave finalized a strategic plan that builds on our strong foundation and experience. Our goal: **free 30 million children from labor by 2025.** Ambitious? Yes. Possible? Absolutely.

The market is ready, the world is ready. Now as we enter GoodWeave's 25th anniversary year, our holistic solution has growing support from industry, government, media, consumers, and worker communities. The power of our proximity to communities, necessary for bringing visibility and respecting rights, cannot be overstated.

And GoodWeave is ready. After consistent year-on-year growth, our sector programs are at or ready-to-scale.

No brand is free from child labor, but any company has the power to change it. The proof is in GoodWeave's 169 industry partners. They are helping to create inspiring stories like Nirmala's. More than anything, Nirmala wants people to know what happened to her, and how they can act to stop child labor. Like our newly launched awareness campaign, she wants to "Change the Pattern™."

Together, we have our eye on that 30 million target — that is 30 million kids with stories like Nirmala's to tell. Each is unique, yet they share one thing in common. They want the freedom to to be children. Thank you for sharing our vision and doing your part.

Join us!



A handwritten signature in black ink that reads "Nina Smith".

Nina Smith
CEO
GoodWeave International



My True Story Begins Now

Nirmala has been in GoodWeave's care since her rescue from a carpet factory, where she was made to work without pay from age 10 to 12. Her story was released for World Day Against Child Labor 2018.

I recently visited Nirmala at the Kathmandu boarding school where we support her education. She told me how much she wants to make us proud. I blurted, "You've already made us proud!" This girl who first wrote in her journal that she would "cry to herself inside her heart," is now a 10th grader with ambitions to help other children like her through social work. The cover of her new diary reads: "My True Story Begins Now."

With a big hug, I assured Nirmala that her job is to be a student and to be happy.



01 Scaling Our System for a World Free of Child Labor

Something important and concrete is happening. Through our Sourcing Freedom initiative, we have proven the transfer of the GoodWeave System to new sectors, and we have experience scaling in carpets. Every year brings stronger results, greater impact, better evidence, and a more compelling story. Further, industry conversations are not as focused on debating whether child labor exists, but rather the solutions to remediate and to prevent child labor. The GoodWeave System is a proven approach of how to do that.

Stakeholder consultations, field-level data, staff observations, case studies, and three independent evaluations have confirmed the impact GoodWeave's System has on market players, communities, and children.

“ [GoodWeave's] underlying methodology is robust, rigorous, and a step above many other supply chain assurance models.”
- Independent Evaluator, Modern Slavery Innovation Fund



02 Threads of Progress: Protecting Thousands, Deterring Millions

GoodWeave has advanced the four programmatic areas of its System in carpets, apparel, fashion jewelry, and home textiles in India. The carpet program also operates in Nepal and Afghanistan.

93%

of business partners surveyed joined GoodWeave because of a commitment to ending child labor.



03 Harness Market Forces

Companies partner with GoodWeave and allow full access to their production, to reach all workers and their families.

GoodWeave welcomed 27 new brand partners. Companies that once deemed it too experimental to join GoodWeave now see risk in not seeking transparent supply chains in 2018.

2018 Results

169

Total brand partners

20%

Market share in rugs

27

New brand partners

“ The GoodWeave label brings added value to my rugs. My clients and I value ethically made products, and the GoodWeave label conveys that assurance.”

-Brian Sales, UK Heritage Rugs



04 Establish Transparent and Clean Supply Chains

GoodWeave creates and applies standards for each sector, verifies compliance through mapping and unannounced inspections, and remediates child labor cases on the spot.

The Sourcing Freedom Data Platform streamlines inspections and delivers real-time impact reports to brands.

2018 Results

794

Children rescued from exploitation

6,160

Children rescued from exploitation to date

259,330

Audits and inspections to date

A woman with dark hair tied back, wearing a light-colored cardigan over a green turtleneck, stands in front of a brick kiln. The background shows a hilly landscape with a brick kiln structure and some buildings.

05 The GoodWeave Standard Defines an Ethical Supply Chain

It takes years to draft and vet an industry standard, which must have multi-stakeholder input in order to be robust and credible. In 2018, the new [GoodWeave International Generic Standard](#) was approved and will facilitate sector expansion.

Meet Real-life Hero: Samjhana Pradhan

Head of Inspection, Monitoring, and Certification in Nepal

“ Sometimes they would yell at us, or throw things.”

This was just another day at work when Samjhana Pradhan started working at Nepal GoodWeave Foundation. That was almost 20 years ago. Samjhana has been part of the GoodWeave Nepal team since 1999. She also worked in the UK office while she earned her degree in English as a Foreign Language at Greenwich College. In a recent interview, Samjhana shared her insight and experience.

What change have you seen in the Nepal market?

There was a 15-year span between my early days in carpets and the brick pilot project I now also manage. During that time, perceptions and values became more favorable to GoodWeave's solution. Transparency was a huge problem; many children were working in the kilns. But this was publicly known, even the subject of newspaper and TV coverage. So we did not have that impasse with companies that deny child labor in their supply chains. They knew that was simply not a defensible claim. Still, it isn't easy to push change both with the local producers and in communities.

Now, kiln owners in our program have stopped recruiting children and we have ethical, child-labor-free production. GoodWeave and Better Brick Nepal have changed society. And this is important — as we reduce child labor in both sectors, we lower the overall child labor rate in Nepal. When GoodWeave removes children from work, they do not return to other factories (until they are of age). There is also a huge deterrent effect.

How have carpet exporters changed?

They now feel child labor is a crime. One factory owner in particular immediately stops orders for a month when child labor is found in a sub-contractor's supply chain. (And of course, GoodWeave also rehabilitates the children.) That is a serious action. Among other companies, being child-labor-free has become a point of pride. Some have invested in their own monitoring staff.

Are you seeing impact on workers from the new labor laws?

Nepal's workers are paid well. The government minimum wage and social security requirements have even been introduced for the brick workers. GoodWeave ensures that informal workers are recognized and that they receive all benefits due to them under the law. This way, we are making the informal sector formal.

What remains your greatest challenge?

Working with labor contractors is difficult. They are not educated so it is hard to impress upon them the legal repercussions for non-compliance. All they know is that they have paid money for these children, giving their parents 5,000 to 30,000 Nepali rupees (US \$45 to \$270) in debt bondage, a "hiring advance." They lose that money if the children do not work.

Tell us about some of the children you have rescued.

I remember all the children we have rescued, every face. But one has stayed with me the most. Several years back, we found a little girl in a factory. She had a broken femur and a wound that was not healing. Her life was in danger and her parents only saw her as a burden. We removed her and took her to the hospital where she had surgery. Then we brought her to live at our Hamro Ghar center. She completed school while under our care. And now she is married with two children and living happily. I see her sometimes in Kathmandu. She says "I got a life from GoodWeave."

For every child we rescue we get to watch them grow up. Most of them thrive and eventually pursue their own livelihoods. Some are teachers, bank managers, and entrepreneurs. One now lives in Australia, another is in America getting an education. When I see these former child laborers whose lives we changed, I say to myself, “I did that.” There is no better feeling than to make that kind of impact.



Three Generations: Khoosboo's Story

Khoosboo, age 11, lives in a remote Muslim village in Rajasthan, India where education was not valued, especially for girls. Khoosboo learned carpet weaving from her mother and grandmother, both still working to support the family. Over the past three years, GoodWeave has transformed the area where she lives into a Child Friendly Community (CFC), where programming ensures that children attend school, not work, and facilitators encourage parents and local leaders to value education, especially for girls. Our team recently visited Khoosboo to check on her progress at school. This close tracking is a signature of the CFC approach.

Khoosboo's grandmother is between 70 and 75 — she doesn't know her exact age. She is illiterate and comes from generations of impoverished weavers. Asked how she feels about Khoosboo going to school, she replied, “We've been poor for generations. Now, I get to see my granddaughter have an opportunity to reach new heights ... this is my only wish,” as she beams with pride and determination.



06 Create Educational Opportunities

GoodWeave protects children from labor and gives them the right to choose their futures, through comprehensive rehabilitation, early childhood development, and education.

GoodWeave has tripled school enrollment for girls through our targeted program interventions in Afghanistan, from 23% to 76%. Behind this statistic is a drop from 77% down to 11% of parents who believe sending children to school adversely affects household income.

2018 Results

12,067

Children provided
educational
opportunities

57

Child Friendly
Communities (CFC)



07 Improve Conditions for All Workers

GoodWeave accounts for every worker, advances livelihoods and well-being, and respects rights.

GoodWeave has continued participation in the Global Living Wage Coalition and refined and strengthened its forced and bonded labor programming in 2018. We are prioritizing development of new programming to help elevate incomes for workers, as well as health and education for entire families and communities.

2018 Results

82,606

Workers protected
under the GoodWeave
System

2,173

Workers served in
health clinics



08 Building the Field: Sharing the GoodWeave System

GoodWeave creates capacity by sharing its System with others: in brickmaking with Better Brick Nepal and Global Fairness Initiative, and in tea production in Assam, India with Rainforest Alliance.

In 2018, 22 brick kilns are child-labor-free and two of these were also certified free from forced and bonded labor, with the aid of new programs to eliminate debt burden for workers.

GoodWeave presented at over 25 notable fora, including the Skoll World Forum; Stanford's "Frontiers of Social Innovation" conference; at the House of Lords with BSI (British Standards Institution); the 56th session of the UN's Commission for Social Development; and ISEAL's 2018 Global Sustainability Standards Conference.

2018 Results

22

Kilns certified
child-labor-free

6,703

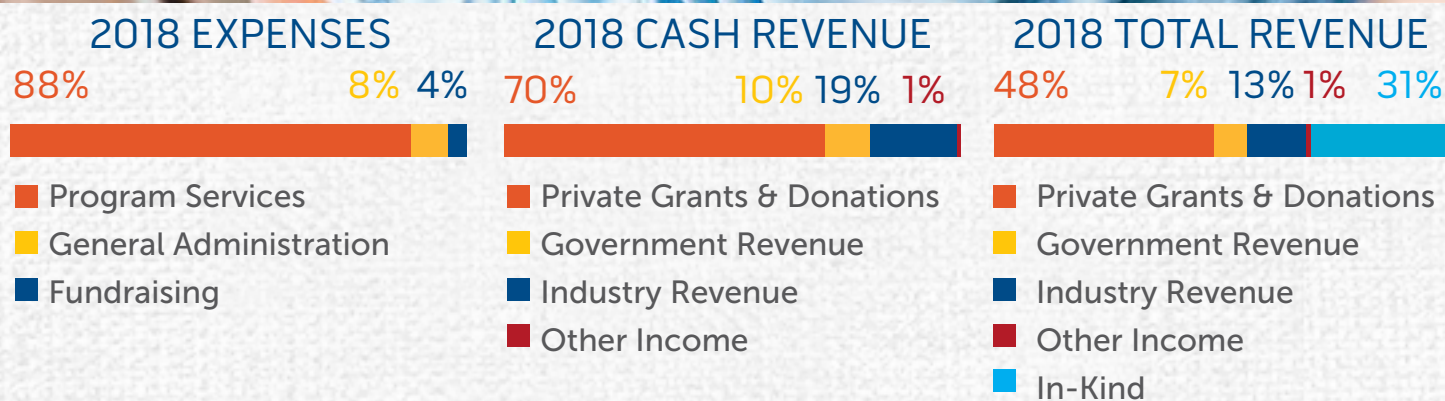
Brick workers reached
by pilot project

1,392

Children in CFC
programming on tea
estates

“ GoodWeave's value is in doing it really well, and sharing what good looks like.”
— Nick Grono, CEO, Freedom Fund

09 Financials



2018 Financial Highlights

- 88% of expenditures were invested in programs working to end child and forced labor.
- Import and retail companies that participate in GoodWeave's rug certification system pay license fees. License fees covered 51% of program costs.
- GoodWeave reached workers and children in new sectors with apparel, home textile, and capacity building activities representing 37% of total program expenditures.

Statement of Activities

For the Year Ended 12/31/2018

UNRESTRICTED SUPPORT AND REVENUE

| | |
|----------------------------|--------------|
| Grants and Donations | \$ 2,797,974 |
| In-Kind Contributions | \$ 1,799,757 |
| Government Revenue | \$ 396,345 |
| Licensing Fees | \$ 709,454 |
| Marketing Partnership Fees | \$ 49,483 |
| Interest and Other | \$ 44,103 |

TOTAL UNRESTRICTED SUPPORT AND REVENUE \$ 5,797,116

EXPENSES

Program Services

| | |
|--|---------------------|
| Harness Market Forces | \$ 1,233,222 |
| Clean up Supply Chains | \$ 1,646,513 |
| Create Educational Opportunities | \$ 804,165 |
| Improve Conditions for All Workers | \$ 71,475 |
| Assess Impact and Learning | \$ 227,389 |
| New Program Development Geographic Expansion | \$ 21,587 |
| Total Program Services | \$ 4,004,351 |

Supporting Services

| | |
|----------------------------------|-------------------|
| General and Administration | \$ 378,392 |
| Fundraising | \$ 181,228 |
| Total Supporting Services | \$ 559,620 |

TOTAL EXPENSES \$ 4,563,971

CHANGE IN UNRESTRICTED NET ASSETS \$ 1,233,145

TEMPORARILY RESTRICTED NET ASSETS

| | |
|---------------------------------------|---------------|
| Grants and Contributions | \$ 1,164,819 |
| Net Assets Released from Restrictions | \$(2,088,023) |

CHANGE IN TEMPORARILY RESTRICTED NET ASSETS \$ (923,204)

CHANGE IN NET ASSETS \$ 309,941

Statement of Financial Position

For the Year Ended 12/31/2018

ASSETS

CURRENT ASSETS

| | |
|-----------------------------------|--------------|
| Cash and Equivalents | \$ 640,086 |
| Investments | \$ 105,262 |
| Accounts Receivable, Net | \$ 496,182 |
| Grants Receivable, Current | \$ 1,121,056 |
| Prepaid Expenses and Other Assets | \$ 37,161 |

TOTAL ASSETS \$ 2,399,747

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

| | |
|---------------------------------------|------------|
| Accounts Payable and Accrued Expenses | \$ 60,094 |
| Grants Payable | \$ 448,267 |
| Refundable Advances | \$ 9,267 |
| License Fees Payable | \$ 369,635 |
| Deferred Revenue | \$ 30,600 |
| Deferred Rent | \$ 62,331 |

TOTAL LIABILITIES \$ 980,194

NET ASSETS

| | |
|----------------------------|--------------|
| Without Donor Restrictions | \$ 1,742,837 |
| With Donor Restrictions | \$ 1,379,549 |

TOTAL NET ASSETS \$ 3,122,386

TOTAL LIABILITIES AND NET ASSETS \$ 4,102,580

GoodWeave was audited by Rogers & Company PLLC, Certified Public Accountants and Business Advisers of Vienna, Virginia.

Full audited financial statements are available upon request.



10 Donors and Supporters

GoodWeave thanks the individuals and institutions that provide vital operating support to help us achieve results for children and workers. The following list acknowledges those who have donated \$5,000 or more to GoodWeave International or its local NGO affiliates in 2018.

Major support provided by:

C&A Foundation



The
WALT DISNEY
Company



**HUMANITY
UNITED**

UBS Optimus
Foundation



UBS



unicef



Home Office

Supporters

200,000 and Above

C&A Foundation

Janet Wright Ketcham Foundation

Modern Slavery Innovation Fund, Home Office, United Kingdom

The Walt Disney Company

UBS Optimus Foundation

United States Department of Labor

50,000 to 199,999

Humanity United

Seamont Foundation

University of California - Berkeley

5,000 to 49,999

Anonymous

Anonymous donation via Fidelity Charitable

Anonymous donation via ImpactAssets

Fairmark S.á r.l.

International Foundation

Jerome Dodson

L Brands Foundation

Naomi and Nehemiah Cohen Foundation

The Anbinder Family Foundation

The Bridge Fund

The Estelle Friedman Gervis Family Foundation

The Khaled Hosseini Foundation

The West Foundation

TRAID

UNICEF

World Bank Community Connections Fund

In-Kind Gifts-Legal Counsel

Covington & Burling LLC

Mayer Brown LLC

Sunstein Kann Murphy & Timbers LLC

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Cultured Lifestyle

Dabble

Dering Hall

Donna

Dwell

Elle Decoration

Furniture World

Harper's Bazaar

House Beautiful

Inhabitat

Interior Design

Interiors

Interiors and Sources

Luxe

Metropolis

Oregon Home

Organic Spa

Redbook

Robb Report Collection

Robb Report Home & Style

Rue

Rug Insider

TEXTILWIRTSCHAFT HOME

The Ruggist

Veranda

Women's Day



11 Business Partners

GoodWeave partners with rug designers, importers, and retailers to create a market for products that are made without child labor. Licensed importer companies adhere to the GoodWeave Standard which assures that their high-quality designs are accompanied by the best labor practices.

Licensed Importers

| | | | |
|-------------------------------------|------------------|-------------------------|------------------------------------|
| 4Favorites | Amigos de hoy | Bespoke Tibetan Carpets | Change Space |
| A&G Rugs | Amy Helfand | Bev Hisey | Christian Liaigre |
| Abstract Road, LLC | ÄNG Studios | Biyuu | Classic Fever, LLC (Vaheed Taheri) |
| Afghanistan Rugs and Carpets Center | Anji Mountain | Bramblecrest | Classic Rug Collection Inc. |
| AIIO Studio | Ariana Rugs Inc. | BravinLee Programs LLC | Clive Christian Interiors |
| Akira | Asha Carpets | byHenzel | Cloak |
| Alicia D. Keshishian Carpets | Aussbond Pty Ltd | Cadrys | Company C Inc. |
| | Bashain Brothers | Calvirugs | Crosby Street Studios |
| | Bazaar Velvet | Catherine Bertulli | |
| | BenSoleimani | | |

| | | | |
|-----------------------------------|----------------------------|--------------------------|------------------------------|
| Dadicos | Home Republic | LAND Rugs | Myakka |
| Danielle David Art and Design LLC | HWP Teppich GmbH | Landry & Arcari | myfelt UG |
| Deirdre Dyson | iCarpet | Lapchi | Namaste UK Ltd |
| Diane Paparo Studio | Indo Designer Rugs | Leah Singh | New Moon Rugs |
| ecoFiber Custom Rugs | Inigo Elizalde Rugs | Lilu Interiors | NIBA Rug Collections |
| Edition Bougainville | Interior Resources | Lindsey Lang Design Ltd. | NOA Living |
| Eeuwes Studio Design | J.S. Hurd Design | Lindstrom Rugs | Nodi Handmade Rugs |
| Elle Funny Carpets | Jacaranda Carpets | LIV Interior | Nordic Home |
| elson & company | Joeseeph Carini Carpets | Liza Phillips Design | Nordic Knots |
| Emma Gardner design LLC | JT Pfeiffer | Lotus Collection | notNeutral |
| Equator Production | Julie Dasher Rugs | Lucy Tupu | Odegard Carpets |
| eye heart hand | K-Mail Order GmbH & Co. KG | Luxury Rugs | Oh Happy Home |
| Fab Habitat | Kaja Gam Design | Madeline Weinrib | Organic Weave |
| Floor Story | Kaldhara | Makeda Rugs | Otto GmbH & Co. KG |
| Freedom | Katherine Richards Design | Matteo Pala | O'C Carpet Inc. |
| Gary Cruz Studio | Khawachen/Innerasia | Matthew Wailes | Pad Home Design Concept gmbh |
| GRAN Living | Kim Parker | Merida | Paramount Rugs |
| Grounded | Kismet Fine Rugs | Merinos | Proper Rugs |
| Grund America LLC | Knot Collective | Messenger Rugs | PuRo Lifestyle GmbH |
| Guildcraft Carpets | Knothouse | Miller Davis Group | Raya Rugs |
| Heinrich Heine GmbH | Kolatech Inc | Modern Archive LLC | Rimo |
| High Country Rugs | Kooches LLC | Molana Inc. | Rizzy Home |
| | Laguna Rugs | Momtaz | Robin Gray Design |
| | | Moorland Rug Company | |
| | | MOSSROOM | |

| | | | |
|-----------------------|-----------------------------|-----------------------|----------------------|
| Robyn Cosgrove | Sirecom Tapetti | Tashi Murik | Woven Edge, Ltd. |
| Rosemary Hallgarten | Sonya Winner Rugs | Textures Atelier | Woven Floors |
| Rug Art | Square Foot by Lina Miranda | The Rug Company | Woven Treasures |
| Rug Artisan | Stella Esvara | Tranquillo | Zoë Luyendijk Studio |
| Rug Couture | Stephanie Odegard Co. | tysk-design | |
| Rugguy Galleriez Inc. | Tailor-Made Textiles | UK Heritage Rugs | |
| RUG STAR | Talis Vertriebs GmbH | Vossberg Versand | |
| Ruthie L. Designs | Tania Johnson Design | Warp & Weft | |
| Scott Group Studio | Target | Wecon Home | |
| Serapi Rug Gallery | | Wendy Morrison Design | |
| | | Willie Weston | |

Lead Sponsors

| | |
|--------------------|------|
| Interior Resources | Kush |
|--------------------|------|

Industry Supporters

| | | | |
|----------------------|------------------|------------------------|----------------|
| Azadi | Fayette Showroom | Hagopian/Ghiordes Knot | Rugs By Zhaleh |
| Christiane Millinger | Furnishings UK | Modern Rugs | The Rug Seller |





12 Staff and Leadership

International Board of Directors

Amol Mehra
Barbara Hawthorn
Claude Fontheim (Chair)
Dan Viederman
Edward Millard
Kul Chandra Gautam
Leslie Johnston
Marc Triaureau (Treasurer)

Michelle Cross Fenty, Esq.
Nancy Wilson
Patricia Hambrick
Pat Zerega (Secretary)
Regatte Venkat Reddy
Rev. Pharis Harvey (Emeritus Member)

Standards Committee

Aseem Grover, Partner, Grover International

Caroline Kent, Operations Manager, The Rug Company

Gerard Oonk, Director, India Committee of the Netherlands

Harish Vashistha, Executive Director, Credibility Alliance

Indu Tuladahr, Independent Expert (Child Labor)

Ivanka Mamic, Senior Director for Responsible Sourcing, Target

Kalyani Rajaraman, Project Director, Consumers Association of India

Lee Swepston, Senior Advisor on Human Rights, International Labour Organization (ret.)

Lobsang Lama, Managing Director and Chairman, Gomang Carpets Manex

Regatte Venkat Reddy, National Convener, MV Foundation

Rev. Pharis Harvey

Scott Welker, Director, Business Development, GoodWeave International

Uddhav Raj Poudyal, Independent Expert (Child Labor)

Walter Chapin, President and Co-founder, Company C, Inc.

Certification Committee

Chhatra Amatya, Independent Expert

David Ould, Board Member GoodWeave UK

Edward Millard, Director of Africa and South Asia, Rainforest Alliance

Kalyani Rajaraman, Project Director, Consumers Association of India Oversight Committee

Mathew John, Certification Director GoodWeave International (nonvoting)

Narayan Bhattarai, National Project Coordinator, International Labour Organization

Shawn MacDonald, CEO, Verite

Viraf Mehta, Independent Expert

Forced and Bonded Labor Committee

Krishna Upadhyaya, Independent Expert

Marie Apostol, Founder and CEO, The FAIR Hiring Initiative (TFHI)

Miranda Fajerman, International Labour Standards Specialist for the ILO, South Asia

Siddharth Kara, Adjunct Lecturer in Public Policy, Harvard Kennedy School

Sudhir Katiyar, Founder, Centre for Labor Research and Action

Child Protection Committee

Gayatri K.C., Program Manager, Nepal GoodWeave Foundation

Jonathan Blagbrough, Co-founder, Children Unite

Pashtoon Atif, Afghanistan Country Director

Regatte Venkat Reddy, National Convener, MV Foundation

Uddhav Raj Poudyal, Independent Expert (Child Labor)

International Management Team and Staff

Nina Smith, CEO

Cyndi Janetzko, CFO

Bruce Moats, Chief Communications and Impact Officer

Scott Welker, Director, Business Development

Manoj Bhatt, India Country Director

Shusma Pokhrel, Executive Director, Nepal GoodWeave Foundation

Pashtoon Atif, Afghanistan Country Director

Mathew John, Director, Certification Division

Colleen Scott, Director, Apparel and Home Textiles

Biko Nagara, Senior Manager, Standards and Certification

Elisabeth Bystrom, Senior Manager, Capacity Building

Jean Johnson, Business Development Manager, Europe

Daniel Cady, Senior Accountant

Fay Handley, UK Representative

Laura Young, Program Assistant

Dan Karlin, Monitoring, Evaluation, and Learning Officer

Kadhambari Sridhar, Program & Technology Officer

Cara Hagan, Senior Manager, Business Development

Photos by Nitin Gera; Matt Porteous and Ollie Jones of The Studio_M



**GoodWeave's vision is a
world free of child labor.
We believe children have
a right to laugh, learn,
and play.**

**GoodWeave brings visibility to global supply
chains, respects the rights of informal and
marginalized workers, provides assurance to
consumers, and restores childhood – this is our
brand value proposition and our commitment to
you!**



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