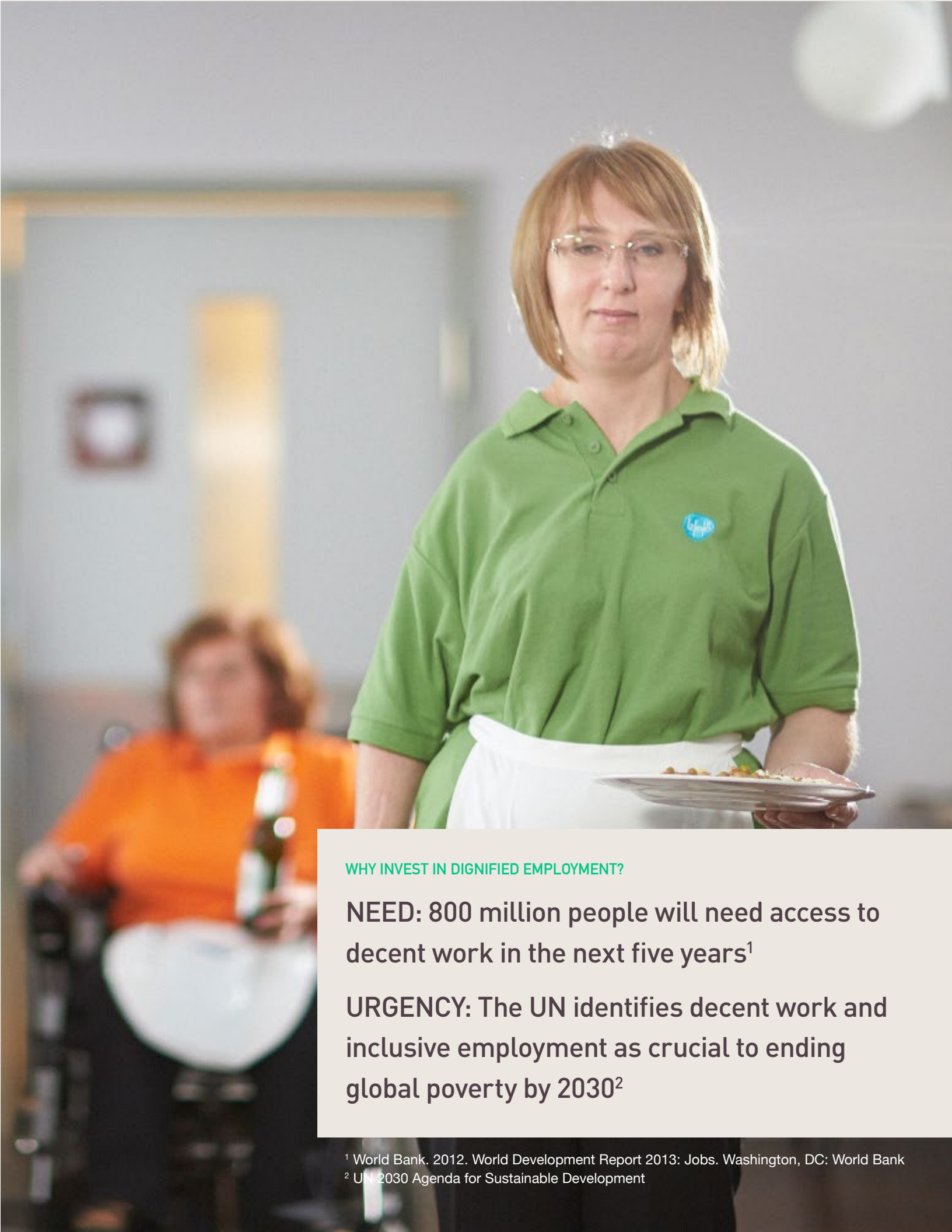




Breaking Barriers One Enterprise at a Time

ABOUT NESsT

NESsT invests in social enterprises that provide dignified jobs for people in emerging market countries. Our investments create employment for the poorest communities facing isolation, discrimination, lack of job skills and poor education. We believe social enterprises are best positioned to transform communities so that all people are self-sufficient and empowered to determine their own futures. NESsT has been at the forefront of social enterprise development, conducting research and documenting lessons learned and best practices.



WHY INVEST IN DIGNIFIED EMPLOYMENT?

NEED: 800 million people will need access to decent work in the next five years¹

URGENCY: The UN identifies decent work and inclusive employment as crucial to ending global poverty by 2030²

¹ World Bank. 2012. World Development Report 2013: Jobs. Washington, DC: World Bank

² UN 2030 Agenda for Sustainable Development

Letter from the Co-CEOs

IMAGINE FOR A MOMENT A COMMUNITY WHERE EACH INDIVIDUAL CAN EARN A DECENT WAGE, PUT FOOD ON THE TABLE, AND FIND PRIDE IN HER WORK.

As a society we know we cannot expect to achieve widespread community transformation overnight—especially in the presence of undereducation, marginalization, exclusion and poverty. However, in 2015, we had the privilege of witnessing committed and inspired entrepreneurs chip away at the challenges faced by communities working to access dignified jobs and income. Collaboration, committed supporters, hard work, and good ideas came together to produce real change.

Marcia's Story

The story of Marcia illustrates our impact. Marcia is a young woman living in one of São Paulo, Brazil's favelas. Marcia had been trying to support herself and her two sons Artur and Heitor by making rugs as part of a group of women artisans. However, the sales of the rugs were not providing sufficient income.

After receiving a contract from Retalhar, a social enterprise supported by NESsT that recycles used textiles to make corporate gifts and blankets, Marcia and her circle of women artisans gained an opportunity to receive sustainable income.

“Thanks to this partnership with Retalhar, we feel proud of our work and have a stronger sense of self-esteem,” says Marcia. “We can now support our families with our income and still work with the crafts we love.”

40 Social Enterprises Across Eight Countries

Our 2015 portfolio included 40 social enterprises across eight countries that reached 114,810 individuals. We supported these entrepreneurs with over US\$355,000 in funding, 19,000 hours of business advisory services, and the pro-bono expertise of 200 professionals from top global firms and organizations.



Co-CEOs Nicole Etchart (left) and Loïc Comolli (right) hosted Rodulfo Prieto of Laboratoria and Isabel Medem of X-Runner, members of the NESsT portfolio, at the SOCAP 2015 Conference.

We continued to increase access to investments for our portfolio, including building our network of co-investors, providing patient investments, and increasing investment-readiness. We piloted a new partnership with Kiva to source low-interest loans for our portfolio. We also launched NESsT Partners, an innovative model to promote engaged philanthropy in our communities.

In 2015, we continued to collaborate across the social entrepreneurship sector to ensure a stable environment for growth. To date we have developed and disseminated more than 125 publications and case studies to share best practices. Last year, we launched two innovative tools to support entrepreneurs through common challenges, including developing talent and assessing the environmental sustainability of social ventures.

On behalf of NESsT and our portfolio of social enterprises, thank you for supporting innovative solutions to pressing global issues.

Handwritten signatures of Nicole Etchart and Loïc Comolli.

Nicole Etchart and Loïc Comolli, Co-CEOs of NESsT

NESsT GLOBAL IMPACT TO DATE

Since 1997, NESsT has invested in and supported social enterprises in emerging market countries.



167

social enterprises supported



\$11.5 million

invested



44%

social enterprises break even by year 2 in the NESsT portfolio



19%

revenue growth of social enterprises in the NESsT portfolio in 2015



509,000+

lives improved



31,000+

economic opportunities created since 2008

Breaking Barriers

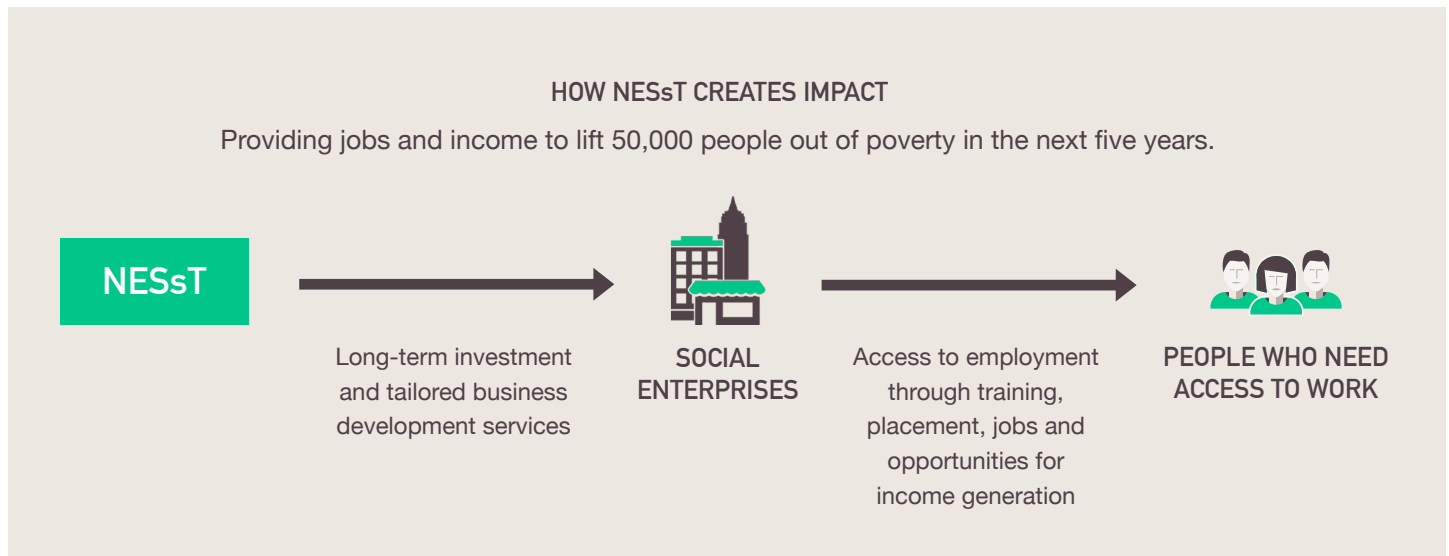
NESsT DEVELOPS AND INVESTS IN SOCIAL ENTERPRISES THAT SOLVE CRITICAL SOCIAL PROBLEMS IN EMERGING MARKET COUNTRIES.

We believe social enterprises are best positioned to affect sustainable and high-growth job creation for vulnerable groups. We support pioneering enterprises whose innovative business models tackle the cycle of poverty, providing access to employment through training, placing, and hiring individuals from vulnerable communities.

Small businesses are capable of creating 200 jobs on average and tend to be higher paying.¹ NESsT helps

produce results beyond the impact each enterprise can have independently, such as providing local and sector-expertise, a supportive infrastructure, strong collaboration, long-term engagement, and customized support.²

In 2015 NESsT piloted a metrics tracking and evaluation system linked to employment that measures not only the number of jobs, but also the quality of jobs created. The new indicators include length of employment, increase in wages, stability of employment, and job satisfaction. Based on the strong foundation built in 2015, we are on track to provide dignified jobs and income for 50,000 individuals in the next five years.



1 Aspen Network of Development Entrepreneurs and Monitor Deloitte, *Growth and Opportunity* (2013).

2 The Rockefeller Foundation, *Accelerating Impact* (2012).



Tomasz's Story

Tomasz never graduated from school. School was tough for him. He changed schools often and had a difficult time succeeding in the classroom and fitting in socially. He found himself out of school without any skills or ability to find a job.

That's when Association Siedlisko hired him to work in the kitchen of a center that provides full-time care for seniors and people with chronic illnesses. Association Siedlisko is a NESST enterprise that is giving work to young people with intellectual disabilities in Poland.

The enterprise trained him as a cook, and soon Tomasz proved to be a conscientious employee. Today Tomasz is the chef's main assistant, and he's training to pursue a job beyond Siedlisko in the future.

Tomasz now feels excited to go to work in the morning. He no longer feels angry and anxious. Instead, he enjoys helping others and has hope for a better future.

[Association Siedlisko](#) →

One Enterprise at a Time

NESsT IMPLEMENTS ITS 20-YEAR METHODOLOGY TO SELECT, INCUBATE, AND MEASURE THE IMPACT OF SOCIAL ENTERPRISES. WE LOOK FOR A STRONG BUSINESS SOLUTION BACKED BY AN ENTREPRENEUR WITH A PROVEN TRACK RECORD. WE THEN WORK CLOSELY WITH THE MANAGEMENT TEAM TO VALIDATE THE BUSINESS MODEL AND PREPARE FOR SCALE.

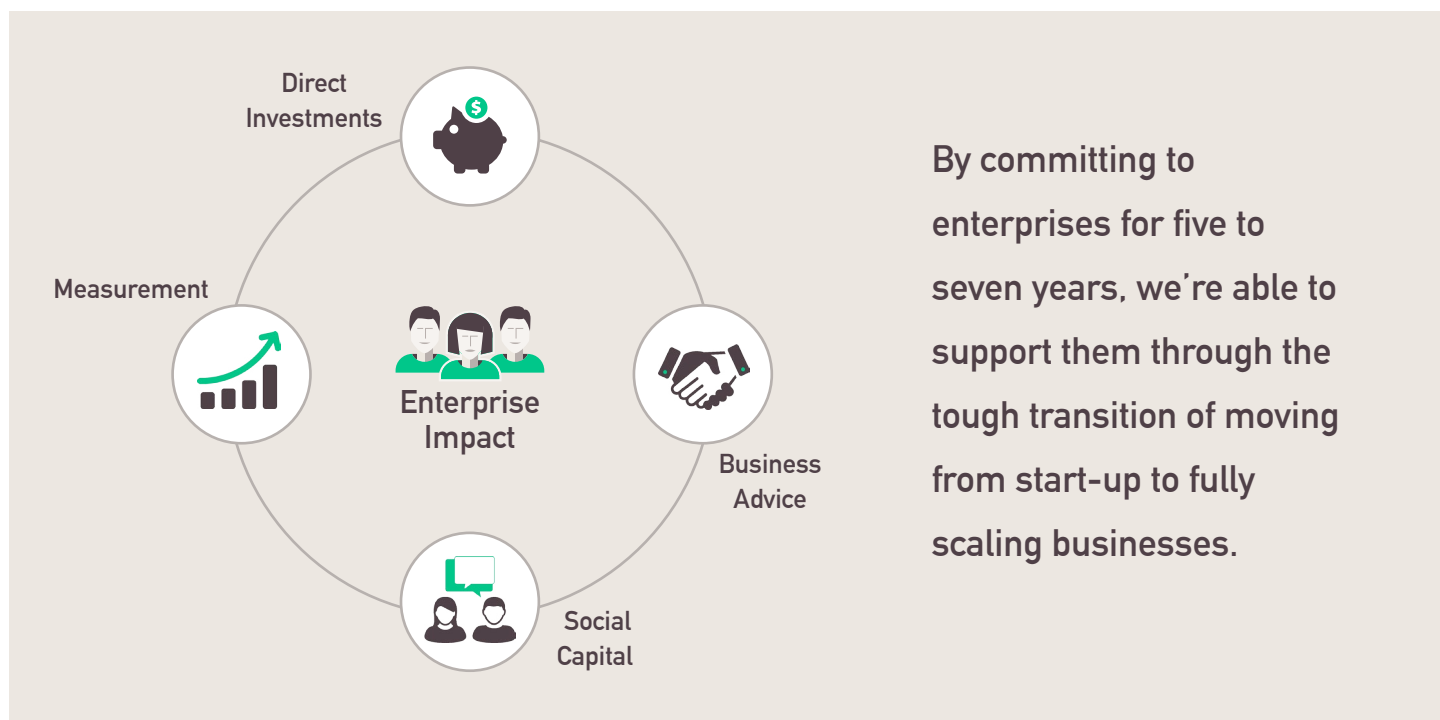
Our methodology includes six modules that evaluate and identify improvements in key areas: (1) management team and governance; (2) industry, market and sales; (3) operational processes and value chain; (4) financial planning and management; (5) impact measurement; and (6) risk analysis. We identify barriers to scale for each enterprise and develop a plan that ensures customized and strategic guidance.

We have teams in 10 countries around the world that support enterprises to meet their financial and impact

goals. We also have a network of 200 corporate volunteers who provide industry-specific coaching. We then provide ongoing mentoring and patient capital until the enterprises are positioned for scale.

Over the past few years, we have prioritized increasing our impact investment offerings. In 2015 we made loans ranging from US\$35,000 to \$80,000 to four social enterprises in Peru, Romania and Chile to provide them with the necessary growth capital to scale up their impact. Our partners Kiva, The Lemelson Foundation and the Romanian-American Foundation provided the necessary patient capital to make these investments.

By the time these enterprises exit the portfolio, their successes and failures contribute to the shared knowledge of the NESsT network, strengthening enterprises to come. Because of how closely we work together over that time, the entrepreneurs feel like family.



By committing to enterprises for five to seven years, we're able to support them through the tough transition of moving from start-up to fully scaling businesses.



Marco's Story

Marco Piñatelli was convinced that he could make a difference in the lives of people in the remote Andes of Peru by building a business that sustainably harvests sphagnum moss, an organic product that is in high demand internationally. It has been a long journey, though, from idea to the launch and scaling of his company Inka Moss.

Inka Moss trains and pays a fair price to small farmers who become suppliers in its value chain. NESsT has helped Marco identify ways to improve operations, productivity and sales, including providing him with financing to invest in technologies that improve the quality, transportability and packaging of the moss leading to higher prices and sales volume. To date, Inka Moss has reached 8,300 people, providing them with fair wages, training, technology and tools, as well as infrastructure development, including roads, schools and medical clinics. Inka Moss plans to expand to 40 additional communities to reach 60,000 people by 2020.

[Inka Moss](#) →

Sector-Building Initiatives

To strengthen the overall social enterprise ecosystem, NESsT contributed several new initiatives in 2015, including our consulting work, new tools for entrepreneurs, leadership positions at global ecosystem organizations and widespread dissemination of best practices.

Consulting

NESsT Consulting is a business unit within NESsT focused on helping corporations, foundations and governments to achieve their strategic social impact objectives. In 2015 we implemented projects for Oak Foundation in Belize and the Balkans to support local nonprofit organizations to develop social enterprises linked to their missions of conservation and women's rights. We also continued our work with Petrom in Romania to provide funding and business assistance to social enterprises around the country. Another example was our involvement in the European Commission-funded consortium SEFORIS, which investigated the potential of social enterprise in the EU and beyond to enhance the inclusiveness of societies.

Tools

In order to help entrepreneurs overcome barriers to scaling their ventures, in 2015 NESsT developed an online suite of tools, Idea2Entrepreneur (I2E) to bring entrepreneurs around the world easy access to the tools they need to launch and scale their social ventures.

To date, NESsT has conducted research, piloted and tested two tools to improve the overall effectiveness of social entrepreneurs. The I2E Talent Tool empowers entrepreneurs to identify core competencies needed at each stage of growing social ventures. The I2E Green Tool assesses social enterprises' environmental footprint in four product- cycle stages: procurement, operations, distribution and reversed logistics. Both tools provide roadmaps to improve the company's impact while bringing products and services to under-served communities around the world.



Participants at the Aspen Network of Development Entrepreneurs (ANDE) Annual Conference in September 2015 test the beta version of the I2E Talent Tool during a NESsT-led workshop on talent development.

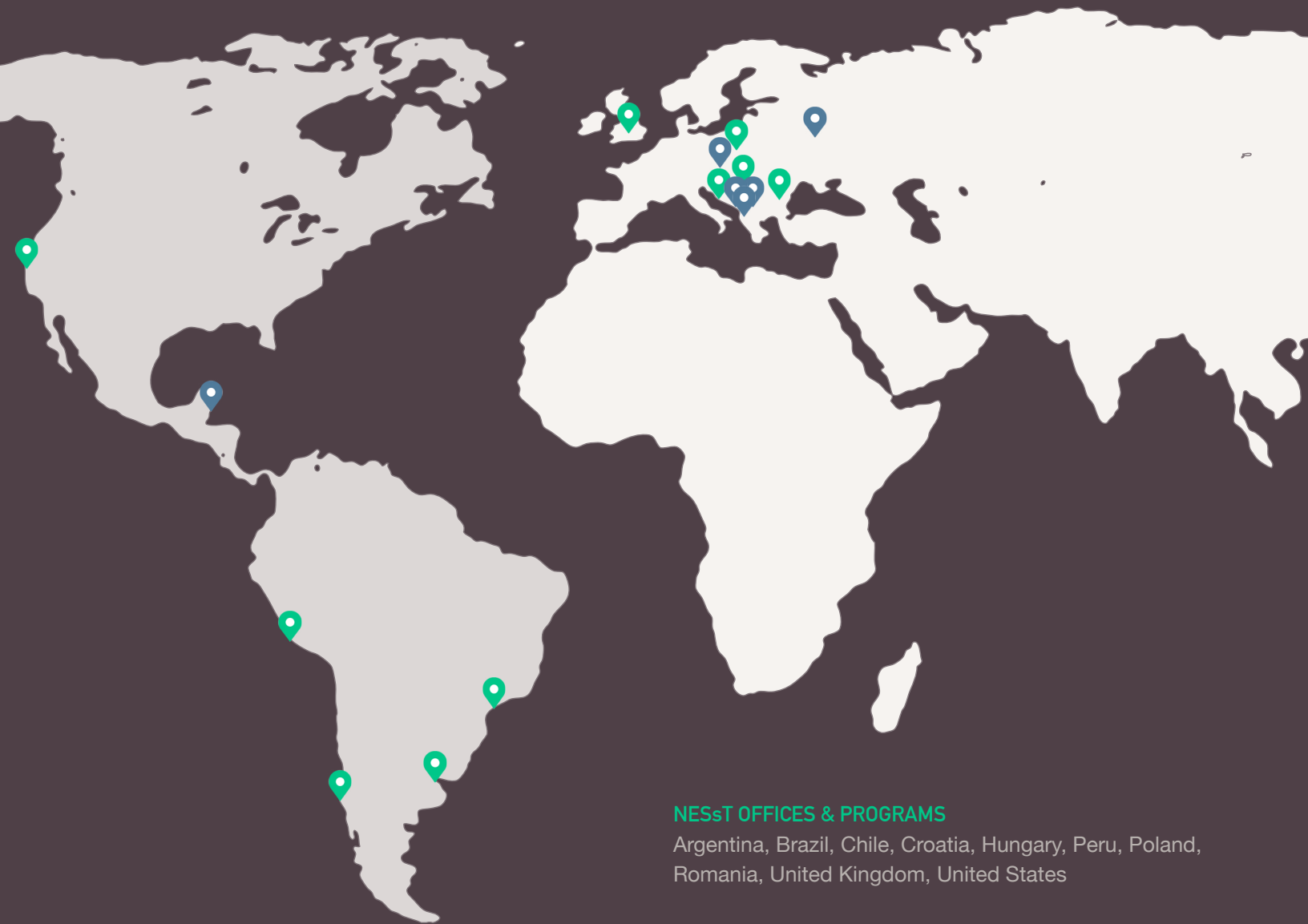
Thought Leadership

NESsT was a member of leading organizations promoting social entrepreneurs and impact investing globally, including Social Venture Partners and European Venture Philanthropy Association (EVPA), and held leadership roles within the Aspen Network of Development Entrepreneurs (ANDE) and the European Commission's Expert Group on Social Entrepreneurship (GECES).

In 2015 NESsT published two new books based on original research. Titles include [*Shared Value: Doing Business with Social Enterprises*](#) and [*The Social Business of Caring: Powering Nursing Organization Through Earned Income*](#).

NESsT AROUND THE WORLD IN 2015

NESsT operated from offices in 10 countries
and implemented projects in 15 countries in 2015.



NESsT OFFICES & PROGRAMS

Argentina, Brazil, Chile, Croatia, Hungary, Peru, Poland, Romania, United Kingdom, United States

NESsT CONSULTING & PROJECTS

Belize, Bosnia & Herzegovina, Czech Republic, Montenegro, Russia, Serbia

Supporters

Institutions

Actis
AmazonSmile Foundation
Aspen Network of Development Entrepreneurs (ANDE)
Badur Foundation
CVC Capital Partners
Enterprise Investors
Erste Foundation
Euclid Network
European Commission
GiftAid
Grand Challenges Canada
JPMorgan Chase Foundation
KIVA
KPMG
Mid Europa Partners
Ministry of Labor, Family, and Social Protection of Romania
Ministry of Production of Peru
NESsT UK
Newman's Own Foundation
Oak Foundation
Petrobras
Petrom
PIMCO Foundation
PricewaterhouseCoopers
Romanian-American Foundation
Rutgers Presbyterian Church
Swiss-Romanian Cooperation Program
The Ashmore Foundation
The Lemelson Foundation
UniCredit Foundation
Warburg Pincus Foundation

In-Kind Supporters

Horváth & Partners DLA Piper
Employment Law Office
Rebaza, Alcazar & De Las Casas
CMS
Squire Patton Boggs
Derraik & Menezes Advogados

Individuals

Lauren Byerly
Juan Andres Camus
Richard Cook
Lee Davis
Cristina Donoica
Katherine Downs
Denise and François Etchart
Jeremy Haneline
David Heard
Frank Hoder
Tim and Jennifer Kingston
Nicolas Mendoza
Brad Michaels
Luca Molinari
Nancy Muirhead
Ruxandra Ogrendil
Manuel Orillac
Moise Politi
Tim Purcell
Virginia and Edward Raff
Bret Rosen
Joseph Schull
Sally Smith
Steve Smith
Tonya Treble
Pascal Virnanic
Anonymous



Partners for Innovation

Technology holds the promise of connecting millions to the global marketplace and improving the lives of communities around the world. NESsT Innova is a flagship program that invests in technology enterprises that improve livelihoods for low-income individuals across emerging market countries.

Since 2007, The Lemelson Foundation has partnered with NESsT to invest in 23 invention-based enterprises that have reached more than 140,000 low-income individuals. These technology enterprises serve some of the poorest communities, including farmers, families living in urban slums with no proper sewage disposal, and low-income aquaculture farming communities lacking inputs and access to markets.

The Lemelson Foundation's support has ensured that NESsT is able to identify and grow the most promising technology enterprises. NESsT Innova has built a network of partners within the government and universities to strengthen the local social enterprise environment. NESsT and The Lemelson Foundation have also shared best practices to inform new programs and resources aimed at promoting invention-based, self-sustaining enterprises that serve the poor.

As a result of our relationship with The Lemelson Foundation, NESsT and its entrepreneurs are empowered to be "agents of change" in the ecosystem in which they operate, becoming role models for both public and private sectors.

[NESsT Supporters](#) →

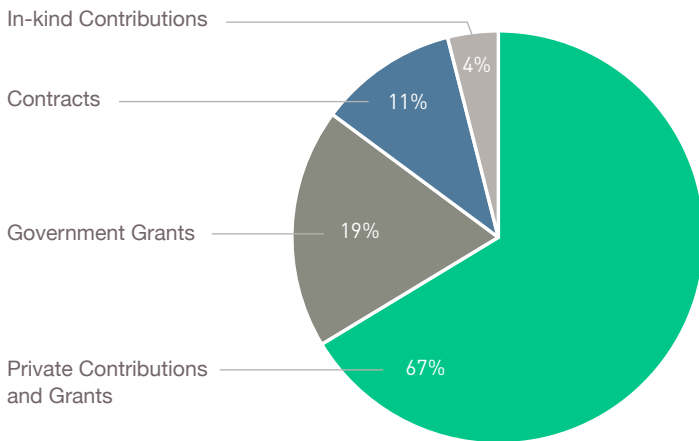
Financials

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

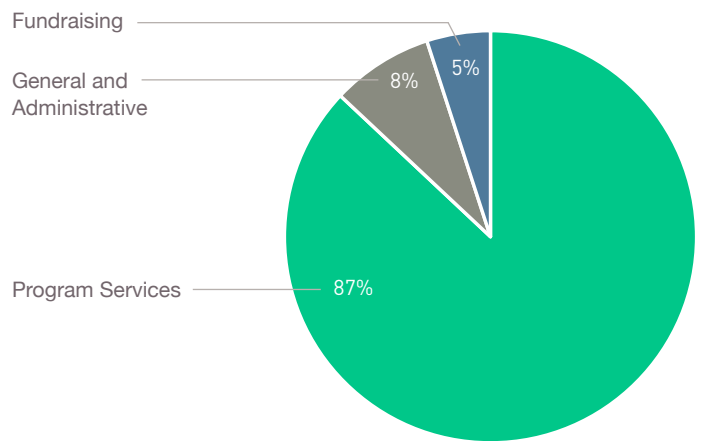
Support and Revenue	USD
Private Contributions and Grants	1,565,904
Government Grants	463,364
Contracts	278,524
In-kind Contributions	99,473
Investment Returns	1,053
Foreign Currency Loss	(72,160)
Total Support and Revenue	2,336,158

Expenses	USD
Program Services	1,814,741
General and Administrative	167,861
Fundraising	101,044
Total Expenses	2,083,646
Change in Net Assets	252,512
Net Assets, Beginning of Year	933,346
Net Assets, End of Year	1,185,858

REVENUE BREAKDOWN



EXPENSES BREAKDOWN



The above financial information has been extracted from the annual audited financial statements for the year ended December 31, 2015. The full audited reports are available at www.nesst.org.

JOIN US

NESsT transforms communities so that all people are self-sufficient and empowered to determine their own futures. Join us and help us invest in a better future.

NESsT INTERNATIONAL BOARD OF DIRECTORS

Thierry Baudon, Mid Europa Partners

Julian Garel-Jones, Polunin Capital Partners

David Heard, Chubb Group

Luca Molinari, Independent Investor

Nancy Muirhead, Rockefeller Brothers Fund

Manuel Orillac, Shearman & Sterling*

Bret Rosen, Duquesne Family Office LLC

Joseph Schull, Warburg Pincus

Tulio Vera, J.P. Morgan Private Bank*

Pascal Vinarnic, Demeter Foundation

** Departed from the board in 2015*

NESsT INTERNATIONAL LEADERSHIP TEAM

Nicole Etchart, Co-Founder & Co-Chief Executive Officer

Loïc Comolli, Co-Chief Executive Officer

Roxana Damaschin-Tecu, Director of Portfolio

Melanie Finke, Director of Communications & Operations