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Start date membership

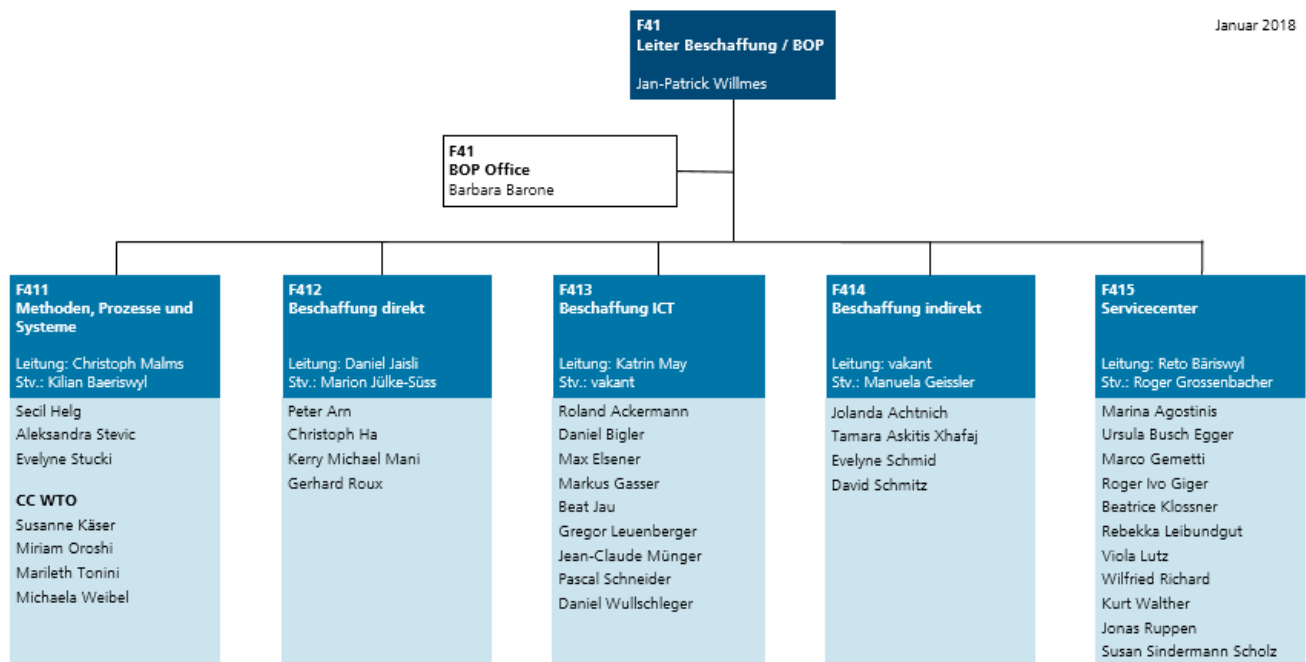
**13 June 2012**

Reporting period (financial year)

**1 January 2017–31 December 2017**

Organizational chart

Januar 2018



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## Summary: goals and achievements 2017

Swiss Post joined the worldwide Fair Wear Foundation on 13 June 2012. We joined Fair Wear Foundation to ensure that Swiss Post clothing is produced in a socially acceptable manner and that improvements can be specifically initiated together with producers where necessary.

The globally active Fair Wear Foundation is committed to sustainable clothing production. Using a multi-stakeholder approach, it brings together industry associations, trade unions and non-governmental organizations (NGOs) as equal partners in order to enforce ILO labour standards for the employees and promote transparency in the garment industry.

Since 2006, Swiss Post has required all of its suppliers to sign its Code of Ethics and Social Responsibility in order to confirm their acceptance of Swiss Post's basic social and ethical requirements and its environmental principles.

Socially responsible procurement in times of globalized value chains is a growing challenge. Long supply chains with many subcontractors and different regional laws to protect workers call for professional and independent partners on site. Much of what we generally take for granted is seldom found in emerging and developing countries.

It is typical for these countries to have national regulation systems that are underdeveloped or that do not work well. Even if these countries currently have modern labour and environmental laws, they are not reflected in practice.

It is a challenge to ensure sustainable supply chains while focusing on our five procurement targets **efficiency, effectivity, compliance, sustainability and innovation**. Swiss Post is striving to adopt socially responsible behaviour in supply chains, act in the interests of society, protect the environment and treat people fairly.

In its corporate responsibility strategy, Swiss Post focuses on climate and energy, as well as areas of action in the social sphere, which include responsible procurement. The concept of due diligence is established as a core principle of responsible procurement organization. In addition, the focus of responsible procurement is increasingly on supply chain transparency and our work with suppliers because that is where the greatest degree of scope for improvement is to be found. Our efforts have an positive impact on all those involved, from direct suppliers in the value chain to our suppliers' subcontractors.

In 2017 Swiss Post was awarded the highest status of "Leader" for the fourth time by the FWF. The specified requirements as part of the 2016 audit action plans have been implemented successfully to a large extend. Since 2014, 100% of garment suppliers are subject to monitoring.

Swiss Post intends to fulfil its commitment sustainably and therefore relies on a suitable balance between ecological action, social responsibility and economic success. This not only applies to our activities within Switzerland, but also to the procurement of goods and services from abroad.

***"Clothing produced in a socially acceptable manner for the employees of Swiss Post is a high priority for us. We do not intend to react to external pressure, but wish to lead by example."***

Jan-Patrick Willmes  
Head of Procurement

## **Swiss Post's mission for socially responsible procurement**

### **Code of Labour Practices of Fair Wear Foundation**

Swiss Post already introduced a Code of Ethics and Social Responsibility for all suppliers in 2006. For clothing procurement, Swiss Post abides by the working guidelines of Fair Wear Foundation. The code is displayed in the factories in the respective national language. The goal of Fair Wear Foundation is to improve working conditions in the garment industry. Fair Wear Foundation requires compliance with the following Code of Labour Practices:

#### **1. Employment is freely chosen**

There must be no use of forced labour.

#### **2. There is no discrimination in employment**

The employer must treat all employees equally, regardless of their race, colour, gender, religion, political affiliation, union membership, nationality, social origin, deficiencies or disabilities.

#### **3. No exploitation of child labour**

There must be no use of child labour. Prospective employees may not be employed before they have reached the age of completion of compulsory schooling and on no account may they be employed under the age of 15.

#### **4. Freedom of association and the right to collective bargaining**

The employees have the right to negotiate with their employer as a group (collective bargaining). All employees have the right to join a trade union of their choice or to establish a trade union (freedom of association). If the right to freedom of association and collective bargaining is restricted, the employer may not prevent other forms of collective bargaining and the organization of workers.

#### **5. Payment of a living wage**

Wages and benefits paid for a standard working week shall meet at least legal (if it has been defined) or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income. (ILO Conventions 26 and 131). Deductions from wages for disciplinary measures shall not be permitted nor shall any deductions from wages not provided for by national law be permitted. Deductions shall never constitute an amount that will lead the employee to receive less than the minimum wage. Employees shall be adequately and clearly informed about the specifications of their wages including wage rates and pay period.

#### **6. No excessive working hours**

Hours of work shall comply with applicable laws. In any event, workers shall not be required on a regular basis to work in excess of 48 hours per week and shall be provided with at least one day off for every seven-day period. Overtime shall be voluntary and the total working hours per week, including overtime, shall not exceed 60 hours.

#### **7. Safe and healthy working conditions**

The employer must provide a safe and hygienic working environment. The employer shall provide protective equipment, where necessary, and train the employees in how they are used. The employer shall furthermore take measures to prevent accidents and health risks. Physical abuse, threats of physical abuse, unusual punishments or discipline, sexual and other harassment, and intimidation by the employer is strictly prohibited.

#### **8. Legally binding employment relationship**

Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment. Younger workers shall be given the opportunity to participate in education and training programmes.

## 1. Sourcing strategy

### 1.1. Sourcing strategy & pricing

When purchasing clothing, Swiss Post's concern is that its employees are attired purposefully, attractively and uniformly. We try to buy from countries where a reasonable rule of law will be respected. 79% of clothing items are procured from Europe. Our procurement strategy 2017-2020 in a nutshell:

<b>Sustainability</b>	Social: acceptance by manufacturers of Swiss Post's Code of Ethics and Social Responsibility and Fair Wear Foundation's Code of Labour Practices Trust: long-term relationships with the producers
<b>Compliance</b>	Complying with laws, other regulations and standards
<b>Efficiency</b>	Economical: best value for money
<b>Effectivity</b>	Local sourcing, materials chosen locally from the production region
<b>Innovation</b>	Using innovative materials: long garment lifecycle

In 2014 we specified that each supplier is required to fill in a detailed product calculation sheet "DNA" for all materials used, including their supply sources and web page. This will allow us to view the whole supply chain, including material and workmanship, prices and transport, offering better traceability of each article.

### 1.2. Organization of the sourcing department

On behalf of the different units, the purchasing staff are responsible for procurement and supply. Final approval is given by the Head of Procurement Management.

### 1.3. Production cycle

Swiss Post plans the production cycles on a long-term basis. In April it communicates the planned order quantities for the coming year, so that the suppliers have sufficient time to plan the production and procurement of material and to meet the delivery dates. In Asia there is a maximum of one delivery at the end of the year. In Europe, it is between three to five as required.

### 1.4. Supplier relations

Swiss Post attaches great importance to direct cooperation with producers. We use the following criteria for the selection of new suppliers and their sub-contractors:

- Does the supplier agree to Swiss Post's Code of Ethics and Social Responsibility as well as Fair Wear Foundation's Code of Labour Practices and does it pledge to comply with them? Is the producer prepared to complete the questionnaire of Swiss Post for uniform suppliers, which requires transparency about price calculations, wages and along the entire supply chain?
- Does the supplier have the required expertise, technologies and qualified staff available? Is there sufficient capacity and finances for producing the required number of units?

Swiss Post did not terminate its relationship with any suppliers in 2017 and we have good relationship with all suppliers.

## 1.5. Integration monitoring activities and sourcing decisions

As a member of Fair Wear Foundation as well as the UN Global Compact, we are committed to our corporate responsibility. Responsible procurement is embedded in Swiss Post's strategy for 2017-2020.

Our sourcing decisions will be influenced as explained below:

The management and employees of the producer firstly receive training in the FWF Code of Labour Practices Post (i.e. 8 ILO core labour standards). as well as in Swiss Post's Code of Ethics and Social Responsibility, followed by a social audit.

The supplier only receives an order after successful completion of the training and audit. With respect to child labour and workplace security in the factories, there is a zero-tolerance policy.

Where major issues are found in a re-audit or are reported within the complaints procedure, our company will urge the garment suppliers to take immediate action. Our suppliers have to initiate continuous improvements according to FWF's CAP concept.

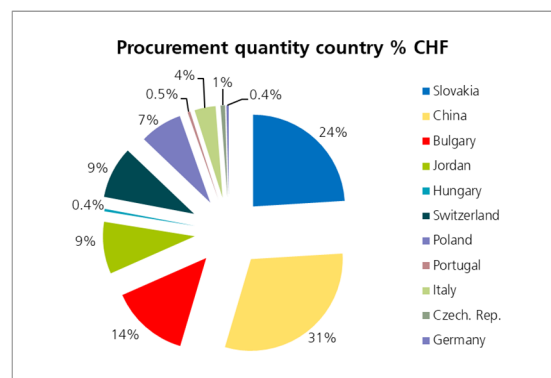
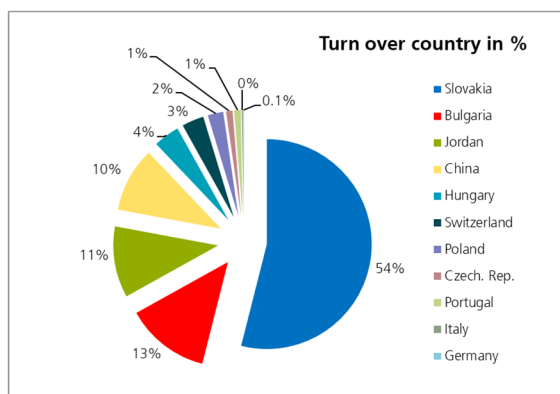
In case of non-performance or unwillingness to improve labour conditions, we reserve the right to take action for the next round, ending the business relationship in accordance with contract terms (orders already placed must be produced to ensure the delivery of the goods).

## 2. Coherent system for monitoring and remediation

In 2017 a total of 215,870 garment items were produced by 13 suppliers in 19 factories in 11 countries for Swiss Post. This was a challenge not only for procurement and logistics, but also for monitoring social standards.

Swiss Post provides its employees with 92 different types of garments in over 2,037 sizes: classic suits for women and men, outdoor clothing, knitted goods, T-shirts and sweatshirts, casual trousers, shirts and blouses, work clothing and accessories (belts, ties, caps and gloves).

In 2017, our suppliers came from Switzerland, Czech Republic, Slovakia, Hungary, Portugal, Poland, Germany, Italy, Bulgaria, Jordan and China. We prefer to produce in Europe due to the traceability of the production and materials.



## Audit programme

100% of the garment suppliers had been audited based on turnover without external suppliers.

All factories have received factory training. The audits were carried out by FWF, Better Work-ILO and Swiss Post.

## All manufacturers audited

Swiss Post already audited all of its suppliers in risk countries prior to joining Fair Wear Foundation. Currently, 100% of the procured volumes are from audited factories.

The detected non-compliant issues are largely eliminated.

## Audits in supply chain

Product group	Production country	Purchasing volume % Swiss Post in CHF	% Supplier's production Swiss Post	Audits 2012	Audits 2013	Audits 2014	Audits 2015	Factory trainings 2015	Audits 2016	Factory trainings 2016	Audits 2017	Factory trainings 2017
Women's and men's suits	Jordan	10.5%	1%	BW-ILO	BW-ILO	BW-ILO	BW-ILO	BW-ILO	BW-ILO	BW-ILO	BW-ILO	
	Slovakai 4	9.5%	3%	CH Post			CH Post	CH Post				
Outdoor	Slowakei 1	15.9%	4%	CH Post			CH Post	CH Post				
	Slovakai 2	9.0%	19%				CH Post	CH Post				
	Slovakai 3	10.0%	19%				CH Post	CH Post				
Casual pants	Bulgaria 1	11.0%	16%	FWF			FWF			FWF		
Woven Shirts	Slovakai 5	4.5%	7%			CH Post		CH Post			CH Post	CH Post
	China 1	4.5%	1%	FWF	FWF		FWF			FWF	FWF	
Knitted goods	China 2	5.5%	1%		FWF	FLA	FWF		FWF			
	Hungary	4.5%	2%			CH Post					CH Post	CH Post
	Slovakai 3	3.5%	5%				CH Post	CH Post				
	Czech Rep.	1.0%	1%	CH Post		CH Post						
Work garments	Portugal	1.0%	1%				Post CH	CH Post				
Security vests	Slovakai 3	1.0%	2%	FWF			Post CH					
Ties-scarves	China 3	0.5%	1%		FWF		FWF			FWF	FWF	
	Italy	0.1%	1%				CH Post	CH Post				
	Germany	0.1%	0.01%									
	Slovakai 3	0.1%	1%				CH Post	CH Post				
Belts	Switzerland	3.3%	33%				CH Post	CH Post				
Gloves	Bulgaria 2	1.0%	12%			FWF					FWF	
Head wear	Poland 1	2.0%	0.01%			CH Post						
	Poland 2	0.5%	1%			CH Post						
	Bulgaria 2	1.0%	3%			FWF						
100%				9	4	11	16	11	2	4	5	2

## Results and improvement measures

Five factories in four countries were audited in 2017, three by FWF, two by Swiss Post and the other by the ILO Better Work Program.

Freedom of association is not fully protected under current labour law in Jordan. There is a Performance Improvement Consultative Committee (PICC) in the factory. PICC has the aim of helping to bring the factory into compliance with local labour law and improve workplace cooperation. Negotiations for the improvement of working conditions will be held by Better Work Jordan and Jordan Ministry of Labour for this program.

In addition, two factory training sessions were conducted by Swiss Post. At these sessions, employees of the factories receive explanations of the FWF's Code of Labour Practices (including the eight ILO core labour standards as well as Swiss Post's Code of Ethics and Social Responsibility).

	<b>Assessment of non-compliance 2017</b>					
<b>Working Policies of the FWF</b>	Bulgaria1	Bulgaria 2	China1	China2	China3	Jordan
Forced labour	0	0	0	0	0	0
Discrimination	0	0	0	0	0	0
Child labour	0	0	0	0	0	0
Freedom of association	0	0	1*	1*	1*	1*
Right to collective bargaining	1*	1*	1*	1*	1*	0
Living wages	1/2	1/2	1/2	1/2	1/2	1*
Adequate working hours	0	1/2	1/2	1	1	1
Occupational safety & health protection	0	0	2	1	1/2	1/2
Legally binding employment relationship	0	0	1/2	0	1	1/2

0 = No non-compliance detected

1\* = Special case because country conditions/laws

1/2 = Partially done

1 = Non-compliance detected

2 = Mostly done

	<b>Corrective Action Plan 2017</b>					
<b>Working Policies of the FWF</b>	Bulgaria1	Bulgaria 2	China1	China2	China3	Jordan
Forced labour	0	0	0	0	0	0
Discrimination	0	0	0	0	0	0
Child labour	0	0	0	0	0	0
Freedom of association	0	0	1*	1*	1*	1*
Right to collective bargaining	1*	1*	1*	1*	1*	0
Living wages	1/2	1/2	2	1/2	1/2	1*
Adequate working hours	0	0	1	1	0	1/2
Occupational safety & health protection	0	0	0	1/2	1/2	1/2
Legally binding employment relationship	0	0	2	0	2	0

0 = No non-compliance detected

1\* = Special case because country conditions/laws

1/2 = Partially done

1 = Non-compliance detected

2 = Mostly done

## Forced labour and child labour

The audits in 2017 did not give any indication of forced labour or child labour.

## Discrimination

The audits in 2017 did not give any indication of discrimination.

## Freedom of association and the right to collective bargaining

In China and Jordan, trade union freedoms are restricted due to the political system. Swiss Post encouraged the supplier's management to allow the creation of worker committees.

## Living wages

FWF membership entails a commitment to a living wage in the production factories. Most of the producers pay their employees significantly more than the minimum wage of the respective country. In terms of wages, improvements have been made at suppliers. We require wage data from all suppliers at the beginning of the year and compare it with wageindicator.org. We carefully accompany and review the development of the wages in all factories yearly.



### **Adequate working hours**

In China, the issue of long working hours is a well-known problem not only in the garment industry. Swiss Post's suppliers in China have signed in 2015 an agreement to limit the working hours its employees to a maximum of 60 hours per week. The audit results as well as the supplier confirmations evidenced, that two of the three suppliers did not fulfill this commitment. Any related implications still have to be finalized within Swiss Post.

According to the confirmations of the three Chinese suppliers the overtimes are not being used for the production of Swiss Post orders, especially given that Swiss Post is planning its orders long term.

### **Occupational safety and health protection**

Workplace security and health protection in factories are the highest priority for Swiss Post Procurement.

The shortcomings related to occupational safety particularly refer to incorrectly positioned fire extinguishers, unmarked emergency exits, missing chain gloves in the cutting department, missing needle protection and missing anti-static mats at the ironing stations.

Swiss Post points out deficiencies to the manufacturers, presents approaches for improvement and videos, and requests photos or other materials to document implementation. The results can be considered positive overall.

### **Legally binding employment relationship**

Many migrant workers from rural areas work in the Chinese garment industry. China lacks a national social security system and the system in place is very complex.

Therefore, Fair Wear Foundation is proposing to the factories that they conclude a private commercial injury insurance policy for each employee, as an initial step.

At two factories 95-100% of the workers have full insurance and at the third one 25 out of 29 workers are provided with social security and 4 workers who are not willing to buy social security are provided with commercial injury security.

## **2.1. Factories worldwide**

### **2.2. Factories in eastern Europe**

#### **Bulgaria**

There are not enough young qualified workers in the garment industry. The voluntary unpaid leave days are one of the biggest challenges for the review of working conditions.

#### **Bulgaria 1**

98% of the workers earn 23% above the statutory minimum wage. Seasonally contingent unpaid leave entitlements for employees are a challenge for these audits. In 2016, Fair Wear Foundation (FWF) conducted a workplace training session at this factory. The results were very positive. The next audit and workplace training will be conducted in 2018.

#### **Bulgaria 2**

This is a very small factory with 22 workers. The workers interviewed state they are satisfied with their working conditions. They feel like in a big family, share problems and to be loyal to each other. All employees are paid on time and 20% of them earn 23% more above the legal minimum wage. Unpaid leave entitlements are a challenge. There is no CBA or TU in the factory.

## **2.3. Factories in Asia**

### **China**

Minimum wages in China are locally defined and differ greatly within provinces, even within a one hour-driving distance. The young generation that grew up with an ever-increasing Western influence are less interested in working in the garment industry.

#### **China 1**

The factory has a relatively stable workforce. 74% of the workforce have worked in the factory for more than three years. Workers are satisfied with the overall working conditions at the factory. There is a trade union at the factory in accordance with government requirements.

Employees are informed internally about employment conditions and Fair Wear Foundation's Code of Labour Practices. In 2016, the third FWF audit was carried out.

The factory has a team that is responsible for health and safety. This team checks all departments every day, and there is also an internal audit team that monitors working conditions. Fire drills are conducted twice a year with the participation of employees, in both the worker accommodation and production areas.

Wage levels at the factory not including overtime are above the minimum wage at the level of the industrial average. Wage levels at the factory including overtime are above the industrial average but below the Asia Floor Wage.

Workers regularly work overtime at the factory. Together with the supplier, we analyzed the reasons (root causes) for having overtime as listed below;

The reasons for the overtimes are; the customers usually place late orders, the styles are not constant with spontaneous changes. The buyers have no idea how long time the producer need for the production of placed goods. Additionally there are from time to time unexpected difficulties in production.

According confirmation of the supplier the overtime is not used for Swiss Post orders.

The other customers usually place late orders, the styles are not constant with spontaneous changes. The buyers have no idea how long the producer needs for the production of placed goods. They need the latest orders with the earliest delivery, as the brands serve their customers with seasonal six-day business. Additionally there are unexpected difficulties in production from time to time.

95.8% of employees are fully registered with the national social security system. For migrant workers who do not want to register for the national insurance system, the factory provides commercial insurance, accident and health insurance.

#### **China 2**

This factory has a good system for compliance with social standards – all documents, guidelines and manuals are available. Relations with employees are very pleasant and socially responsible.

Improvements were made after the first audit in December 2012, particularly in the area of health protection and safety.

In 2016 the second training conducted at the factory under Fair Wear Foundation's Workplace Education Programme. During the workplace training, workers gained improved knowledge and awareness of FWF Code of Labour Practices.

Management has invested in energy saving measures and being more environmentally-friendly. All the lights at the workshops have been changed to electricity-saving lamps, and energy-saving transformers have been installed on the sewing machines, which reduce energy consumption by 25%.

There is a workers committee of democratically elected workers. This is exceptional for China. The committee has a meeting with the management once a year. The workers show awareness of the functioning of the committee.

When all benefits and bonuses for voluntary overtime are taken into account, the average wage of employees is around the level of Asia Floor Wage.

The factory was re-audited in 2017. Weekly working hours are longer than set out in the FWF Code of Labour Practices. This should be improved upon. Workers are free to refuse the overtime. All workers are provided with social security (this is exceptional for China).

An agreement was reached not to work more than 60 hours per person per week, but was not kept by the factory. Swiss Post has a 1% share of the entire production.

### **China 3**

This is a small factory with 29 workers. The first social audit was initiated by the FWF in 2013, the second in 2015 and the last one in 2017 to monitor the labour conditions of the factory.

Most workers are local people and more than 52% of the workforce has been working in the factory for more than three years. For the workers it is a nice factory to work in, where they feel comfortable and safe without any health and safety concerns.

25 workers who have full insurance (pension, medical, injury, unemployment and maternity insurance). The remaining four workers are provided with commercial injury insurance. As it is a small factory, the management enjoy a close working relationship with their employees and they are quite open to talk with workers about their needs, suggestions and complaints.

There is no collective employment contract at the factory, but there are two worker representatives. When all benefits and overtime bonuses are taken into account, the average wage of employees is above industry average but below the Asia Floor Wage.

Overtime is voluntary and the workers are free to refuse overtime hours. An agreement was reached not to work more than 60 hours per person per week and this target was kept.

This factory was trained on behalf of Swiss Post by the FWF on the Workplace Education Programme in 2014 and in 2016 so that the workers could improve their knowledge and awareness of the FWF Code of Labour Practices.

### **2.4. Factory in Jordan**

The factory is established in the Qualified Industrial Zones (QIZs). The QIZ areas are designated by Jordanian, Egyptian and Israeli authorities. It is a politically driven peace project to promote peace in the region, through economic development and integration, and by increasing trade among the concerned parties. The Better Work Program (ILO) will be financed by the International Finance Corporation and the State Secretariat for Economic Affairs in Switzerland (SECO) is one of the donors.

The factory is monitored by Better Work Jordan permanently and the ILO has authority in labour issues. In 2017, one compliance assessment and two progress assessments were conducted. A collective bargaining agreement (CBA) between two apparel employers' associations and Jordan's garment union was signed in May 2013. In 2015, a migrant workers agreement between the ILO, the Jordanian government and the employers' association was signed, and employment contracts were harmonized.

There is a Performance Improvement Consultative Committee (PICC) in place at the factory. The PICC ensures that the factory complies with local labour laws and that the level of cooperation at the factory is improved.

## **2.4. Factories in low risk countries**

Our remaining suppliers in Italy, Slovakia, Czech Republic, Hungary, Portugal and in Switzerland are family owned small and medium-sized enterprises (SME).

They are aware of their social responsibilities and take good care of their workers. The eight core labour standards of the ILO are embedded in the labour laws and are adhered to. Swiss Post conducts audits and factory training sessions in a three-year cycle in Italy, Slovakia, Portugal, Hungary, the Czech Republic and Switzerland.

Training sessions of this type are popular with both management and workers. Workers in the factories often express their thanks because Swiss Post as an employer makes the effort to check local working conditions and supports producers in implementing the improvements on an ongoing basis.

## **2.5. External production**

In 2017, we worked with two external suppliers: one supplier delivers very small quantities of clothing and the other one is a shoe supplier.

However, it is important to note that the supplier may change each year for one-off staff initiatives depending on supply. This also depends on whether the order is for work shoes or security shoes.

We generally know where the shoes are manufactured – mainly in low-risk countries. We only purchase very small quantities of shoes in comparison with their overall production. As a result, we are only able to have a minor influence on the supply chain of external suppliers. All external suppliers have already completed the FWF questionnaire for external suppliers.

## **3. Complaints procedure**

The FWF Code of Labour Practices is posted in the local language at all factories where it is clearly visible for employees. In addition, employees can also find contact details on the notices, including the telephone number and e-mail address of Fair Wear Foundation, to which they can turn in the event of a complaint.

The Swiss Post purchaser informs the workers personally during their visits to the factories. So far, there have been no complaints in the factories in which Swiss Post produces clothing. There were no complaints in 2017.

The complaints process is defined as described:

- Fair Wear Foundation reviews the complaint and sends it to Swiss Post, which in turn initiates improvement measures in the relevant production operation.
- After successful implementation of the improvements, but also in the event that the complaint is not resolved, the complaint in question is published on the website [www.fairwear.org](http://www.fairwear.org)
- The name of the manufacturer is not mentioned.

## **4. Training and capacity building**

### **4.1. Activities to inform staff members**

Four employees in Corporate Procurement are responsible for purchasing all Swiss Post clothing and for Fair Wear Foundation project. As we have been a member since 2012, the FWF has been established as the norm for clothing procurement. Swiss Post employees were informed of Fair Wear Foundation's activities in the new 2015–2017 clothing catalogue and in the internal Swiss Post staff newspaper, Intranet and in Postconnect.

#### **4.2. Activities to inform intermediaries/agents**

Intermediaries have come to understand the importance of Fair Wear Foundation's guidelines. They are expected to pass this information on to their production plants. We have ascertained that where new partners are concerned, information regarding Fair Wear Foundation does not reach the operators directly. As a result, Post CH Ltd is taking steps to directly contact the intermediaries' factories more often. This is done in consultation with the intermediaries. We often get praise from producers for our commitment.

#### **4.3. Activities to inform manufacturers and workers**

We usually combine our visits to suppliers' premises for production monitoring with FWF topics (factory training sessions). Managers and workers take this opportunity to clarify Fair Wear Foundation Code of Labour Practice.

All production factories received training. These efforts include the following areas:

- Swiss Post's expectations of suppliers and information about Swiss Post's Code of Ethics and Social Responsibility and its importance in their daily life
- Information on FWF (Fair Wear Foundation) work practices
- Information on health protection and workplace safety and overtime with ILO cartoons
- Communication, grievances and/or complaints mechanisms.

All these issues will be checked during audits and the progress will be monitored with the CAPs and re-audits. Swiss Post is compiling corrective action plans on the basis of the audit results. Factory training sessions are conducted on an ongoing basis during supplier visits in accordance with the requirements of individual suppliers. In 2017 two factory training sessions were conducted by Swiss Post.

### **5. Information management**

Information about all audits and audit measures conducted by Fair Wear Foundation, the ILO's Better Work partnership programme and Swiss Post is stored both in our Fair Wear Foundation Clothing files under the year and Swiss Post's company filing system. We also use Fair Wear Foundation database to share our information with the FWF. All of our suppliers are obliged to send us correct information via the supplier questionnaire. We plan factory visits for the following year in December of the previous year. We visit suppliers in three years cycle when they are producing our goods and combine it with an audit and factory training session.

### **6. Transparency and communication**

Swiss Post intends to create transparency and inform the public about its sustainable activities with communication on Fair Wear Foundation. This relates to internal and external measures.

For the internal and external communication of the membership with Fair Wear Foundation, the CSR department of Swiss Post supports the Procurement department. Information exchanges are held regularly between the purchaser and the CSR department. Swiss Post's CSR department informs the general public about our FWF membership and the results of the measures stated in the work schedules on our website, on the intranet and in the press.

Management and our employees are notified of Fair Wear Foundation updates via the intranet and the staff newspaper on an ongoing basis.

Everyone knows that Swiss Post considers FWF obligations related to stricter audits of social standards for its clothing suppliers to be part of the company's daily business.

## **7. Stakeholder engagement**

We are in dialogue with the ILO (International Labor Organization), BAFU (Federal Office for the Environment), SECO (State Secretariat for Economic Affairs) as well with the NGOs Brot für alle and Erklärung von Bern. We study all the country reports from the FWF and also from other sources.

## **8. Corporate social responsibility**

### **8.1 Corporate social activities**

Swiss Post lives up to its social responsibility. It is committed to addressing social issues, supports numerous foundations and charitable organizations and promotes sport and culture.

It also gets involved internationally, for example by working with postal organizations in developing countries. In addition, it focuses on sustainable procurement.

#### **Society**

With its wide range of services, Swiss Post makes a significant contribution to the accessibility of all people and regions in Switzerland. It provides basic postal and payment transaction services throughout Switzerland. PostBus makes a valuable contribution to Switzerland's development and progress, as it makes outlying villages and hamlets accessible, significantly increasing the mobility of their inhabitants.

#### **Pro Patria**

Pro Patria, a foundation for the support of collections to promote Swiss cultural and social work, is supported by the surcharge on the Pro Patria special stamps.

#### **2 x Christmas**

2 x Christmas is a charitable campaign conducted jointly by the Swiss Red Cross (SRC), the Swiss public broadcasting organisation SRG SSR and Swiss Post. Over the Christmas period, people donate food and day-to-day necessities. Swiss Post transports them free of charge to a SRC logistics center, where they are sorted and forwarded to those in need by Swiss Post employees and SRC volunteers.

In 2017, the 2 x Christmas campaign celebrated its 22nd anniversary and collected 50,000 parcels. The donated goods are distributed to people in need in Switzerland. In addition families and social institutions in Moldova, Bosnia and Herzegovina and Kyrgyzstan are supported.

#### **College for Collaborative Mobility (cocomo)**

In the run-up to the World Collaborative Mobility Congress, Swiss Post is again sponsoring the mobility academy to run the College for Collaborative Mobility ("cocomo").

This encourages future mobility experts to develop sustainable mobility concepts using practical methods and to network with key decision-makers in the Swiss mobility sector

#### **Children and Youth**

Children and young people matter a great deal to Swiss Post. For this reason, we support Pro Juventute, provide schools with free equipment, launch educational projects for young people and help Santa out with the Christmas mail.

#### **Pro Juventute**

Swiss Post levies surcharges on its Pro Juventute stamps. Pro Juventute uses the revenue this generates to support children and young people, and their parents, with a wide range of services and programmes.

### **PostDoc**

Swiss Post provides schools with free age-appropriate teaching materials on the subject of communication, from kindergarten to commercial college level. PostDoc supports teaching that is interesting, varied and practical, and is tailored to cantonal curricula.

### **Santa Claus campaign**

Every year, Swiss Post receives almost 20,000 letters from children addressed to Santa Claus. Swiss Post sends these children a gift and a response in their own language.

### **PostFinance Trophy**

The PostFinance Trophy, Switzerland's largest national school ice hockey tournament, inspires young sportsmen and women.

### **International projects**

Expertise and practical help for postal organizations: Swiss Post supports postal organizations in developing countries, either directly or in close collaboration with the Universal Postal Union (UPU). Swiss Post supports the Universal Postal Union in improving the quality of postal services worldwide, thus making the global postal network more efficient.

We provide experts for projects abroad, support seminars financially and use our experience to train line managers. We also help postal organizations in developing countries by providing resources – since 2012, for example, Swiss Post has financed photovoltaic equipment on rooftops of postal offices in Togo.

### **Sustainable procurement**

Swiss Post adheres to economic, ethical, social and ecological standards (e.g. FWF, FSC, UN Global Compact) in its procurement, and it expects the same from its partners and suppliers.

### **Recycling of clothing: “A second lease of life for Swiss Post clothes”**

Since 2015, we have been working with the Swiss Red Cross (SRK) in the Bern-Mittelland district to give used Swiss Post clothing a second lease of life. Nearly-new clothes are sold by the Red Cross in its second-hand shops.

The proceeds go to social projects. Good-quality clothes with small defects are partly donated to Swiss Mountain Aid via Tell-Text. Mountain farming families receive the clothing for free. Items of clothing that can no longer be worn are thermally recycled.

### **Memberships**

#### **WWF Climate Savers**

Swiss Post is a member of WWF Climate Savers. The group members all pursue ambitious goals to reduce emissions, actively share experiences and engage in joint projects.



#### **Association for Environmentally Sound Energy (VUE)**

As a VUE member, Swiss Post supports the promotion of renewable energies and ecological energy products.

#### **United Nations Global Compact and Network Global Compact Switzerland**

This worldwide UN initiative aims to promote sustainable development and social commitment in companies. Companies must align their business activities and strategies with ten universally accepted principles relating to human rights, employment standards, environmental protection, and anti-corruption measures.



### **Postal-sector climate protection initiatives**

We participate in the initiatives of PostEurop and International Post Corporation (IPC). Together, we set international standards for the sector and cut the CO<sub>2</sub> emissions attributable to postal services. By 2025, the international postal sector is aiming to achieve a 20 percent reduction in carbon emissions per letter mail and per parcel, from a 2013 baseline.

### **8.2 Environmental activities**

Protecting the climate is a long-term mission which calls for targeted action. Swiss Post has therefore created an action plan to increase its CO<sub>2</sub> efficiency by 25 percent by the end of 2020 (based on 2010). We report annually on our actions in our comprehensive GRI Report ([www.post.ch/gri-bericht-2017](http://www.post.ch/gri-bericht-2017)). The actions can be summarized as follows:

#### **A vision of emission-free mail delivery**

There are more than 6,000 electric scooters powered by electricity from renewable resources in operation. By the end of 2016, Swiss Post had replaced its entire fleet of petrol scooters. It focuses on innovative mobility solutions. The company is constantly modernizing its vehicle fleet to reduce environmental pollution and uses increasing numbers of electric, hybrid or biogas-powered vehicles.

#### **Efficient logistics**

With a bundle of measures that also optimize the capacity utilization of vehicles and routes, Swiss Post is reducing empty runs and saving on fuel and costs.

#### **Eco-driving**

Swiss Post offers its drivers eco-driving training. Measuring equipment and other incentives ensure that the fuel-saving driving techniques are put into practice in daily operations

#### **Building optimization**

Swiss Post is optimizing its buildings in terms of energy and resource efficiency. New buildings, such as the new Swiss Post headquarters, are built in accordance with the MINERGIE®, MINERGIE-ECO® or DGNB standards.

#### **Solar electricity from Swiss Post roofs**

Swiss Post is installing more and more photovoltaic systems on the roofs of its buildings and contributing to eco-friendly electricity production.

#### **Pilot and flagship projects**

Swiss Post implements pilot and flagship projects that have a strong positive impact, e.g. for alternative driving systems, renewable energies or innovative technologies (e.g. fuel cell buses).

#### **Transparency in operations**

Swiss Post's CO<sub>2</sub> emissions are measured and reported in compliance with strict international standards (e.g. ISO 14064–1:2006, Greenhouse Gas Protocol, revised edition 2004).