



www.swisspost.ch/procurement

Start date membership

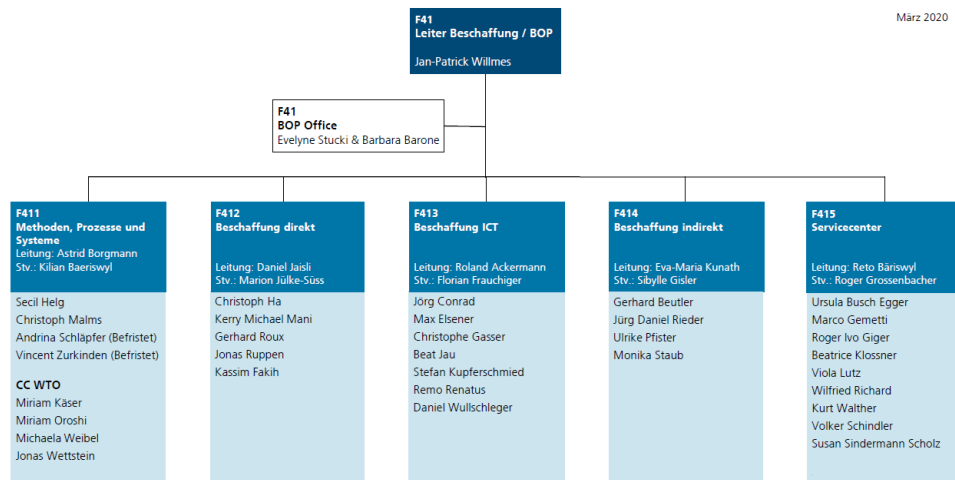
13 June 2012

Reporting period (financial year)

1 January 2019 – 31 December 2019

Organizational chart

FINANZEN
ORGANIGRAMM F41
BESCHAFFUNG



Contents

Summary: goals & achievements 2019.....	3
1. Sourcing strategy	5
1.1. Sourcing strategy and pricing.....	5
1.2. Organization of the sourcing department.....	5
1.3. Production cycle.....	6
1.4. Supplier relations	6
1.5. Integration monitoring activities and sourcing decisions.....	6
2. Coherent system for monitoring and remediation	7
2.1. Factory A/Country A.....	8
2.2. Factories in eastern Europe	9
2.3. Factories in low risk countries.....	9
2.4. External production	9
3. Complaints handling	9
4. Training and capacity building	10
4.1. Activities to inform staff members.....	10
4.2. Activities to inform agents	10
4.3. Activities to inform manufacturers and workers	10
5. Information management.....	10
6. Transparency and communication.....	10
7. Stakeholder engagement.....	10
8. Corporate Social Responsibility	11

Summary: goals & achievements 2019

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 employees and promote transparency in the garment industry.

The apparel industry is creating unbelievable ecological and social problems worldwide. Social conditions in sewing factories are a touchstone for the procurement offices. The due diligence along the entire supply chain is becoming increasingly important for consumers. Over the next few years, the industry will undergo comprehensive transformation through sustainability.

The most important aspect of the future will be the recycling economy, i.e. producing uniforms with minimum waste and with a longer service life in terms of quality and fashion.

With the adoption of the 2030 Agenda and its Sustainable Development Goals (SDGs) into corporate strategy, Swiss Post will follow responsible business practices of its suppliers on risks linked to environmental, social and ethical performance of the suppliers. The Swiss Post procurement organization has integrated the three SDGs, namely SDG8 "decent work and economic growth" SDG12 "responsible consumption and production" SDG13 "measures to protect the climate" into its procurement strategy 2021-2024, not only for the uniforms, also for other four procurement categories.

The EcoVadis score of the assessed Swiss Post suppliers is 53.5, with the benchmark at 42.5. We are working on a "Road map for responsible procurement". Swiss Post is also participating in the Swiss Confederation's project "Sample climate and energy", which includes the responsible procurement process.

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. We report annually on our actions in our comprehensive GRI Report.

<https://geschaeftsbericht.post.ch/19/ar/en/sustainability-report/>

The concept of due diligence is established as a core principle of responsible procurement organization. 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 a positive impact on all those involved, from direct suppliers in the value chain to our suppliers' subcontractors.

In 2019 Swiss Post was awarded the highest status of "Leader" for the sixth time by FWF. The specified requirements as part of the audit action plans have been implemented successfully to a large extent. Since 2014, 100% of garment suppliers are subject to monitoring.

Swiss Post Corporate Procurement

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: <https://www.fairwear.org/labour-standards/>

1. Employment is freely chosen

There must be no use of forced labour.

2. There is no discrimination in employment

Recruitment, wage policy, admittance to training programmes, employee promotion policy, policies of employment termination, retirement, and any other aspect of the employment relationship shall be based on the principle of equal opportunities, regardless of race, colour, sex, religion, political affiliation, union membership, nationality, social origin, deficiencies or handicaps (ILO Conventions 100 and 111).

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 right of all workers to form and join trade unions and bargain collectively shall be recognised. (ILO Conventions 87 and 98). The company shall in those situations in which the right to freedom of association and collective bargaining are restricted under law, facilitate parallel means of independent and free association and bargaining for all workers. Workers' representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to carry out their representation functions. (ILO Convention 135 and Recommendation 143)

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 and industry standards. In any event, workers shall not on a regular basis be required 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, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate. (ILO Convention 1)

7. Safe and healthy working conditions

A safe and hygienic working environment shall be provided, and best occupational health and safety practice shall be promoted, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Appropriate attention shall be paid to occupational hazards specific to this branch of the industry and assure that a safe and hygienic work environment is provided for. Effective regulations shall be implemented to prevent accidents and minimise health risks as much as possible (following ILO Convention 155). 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. 93% of clothing items are procured from Europe. Our procurement strategy 2017-2020 in a nutshell:

Sustainability	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
Compliance	Complying with laws, other regulations and standards
Efficiency	Economical: best value for money
Effectivity	Local sourcing, materials chosen locally from the production region
Innovation	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 allows 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

The staff involved in purchasing uniforms are responsible for procurement and supply on behalf of different internal units. 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 July, planned order quantities are communicated 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. It is between one to five deliveries 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 adhere 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?
- Our belt supplier in Switzerland has ended its production activity so we have started to produce our belts with another Swiss supplier in Switzerland.
Our tie supplier's subcontractor in Italy has also ended its activity. We will start with a new sub-contractor after completion of the audit.
- We have produced our knitted shirts in Lithuania and Portugal.
- We have stopped working with the Better Work Jordan programme, due to small quantities and overly long planning dates.
- We have terminated the cooperation with the intermediary with its agreement of accessories in Switzerland and are working with the Italian intermediary directly.

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. This will be implemented in the next strategy period with further procurement categories.

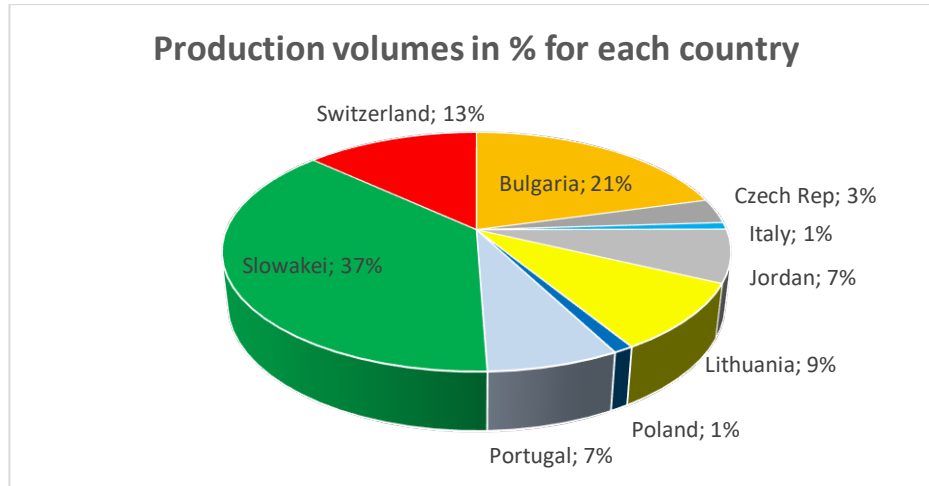
Our sourcing decisions based on them are explained below:

- The new suppliers sent their SA8000 audit report or relevant documents which were approved by us.
- Within the framework of a social audit, two new suppliers received the FWF Code of Labour Practices Post (i.e. 8 ILO core labour standards).as well as Swiss Post's Code of Ethics and Social Responsibility.
- The suppliers received an order after successfully completing an audit.

Where major issues are found in a re-audit or are reported within the complaints procedure, the procurement organization urges the garment suppliers to take immediate action. Our suppliers are required to initiate continuous improvements according to FWF's CAP concept and to send us approval documents.

2. Coherent system for monitoring and remediation

In 2019 a total of 96'525 garment items were produced by 13 suppliers in 16 factories in 9 countries for Swiss Post. Swiss Post provides its employees with 92 different types of garments in over 2,000 sizes. 93% of the uniforms were produced in Europe.



Audit programmes

Apart from one supplier producing garments in Switzerland, all garment suppliers had been audited (excluding external suppliers). The audits were carried out by FWF, Sumations, Elevater, ILO/ Betterwork.

All manufacturers audited

Swiss Post had already audited all of its suppliers in high-risk countries prior to joining Fair Wear Foundation. Currently, all of the procured volumes are from audited factories except one supplier which produces its goods in Switzerland. The suppliers listed below also include intermediary offices.

Product group	Production country	Audits 2017	FT 2017	visits 2017	Audits 2018	FT 2018	Audits 2019	FT 2019	Visits* 2019
Business suits	Jordan	BW/ILO	BW/ILO	1	BW/ILO	BW/ILO	BW/ILO	BW/ILO	
	Slovakia 4				CH Post				
Outdoor	Slovakia 1				CH Post				
	Slovakia 2				CH Post				
	Slovakia 3				CH Post				
	Bulgaria 1								
Casual pants	Bulgaria 1				FWF				1*
Woven Shirts	Slovakia 5	CH Post	CH Post	1					1*
Knitted goods	Hungary	CH Post	CH Post		CH Post	CH Post			
	Portugal						1		1*
	Lithuania						1		1*
	Czech Rep.								1
Work garments	Portugal								1*
Security vests	Slovakia 3								
Tie and scarves	Italy 2								1*
	Italy 1								
	China2	FWF							
Belts	Switzerland 2								1*
	Switzerland 1								
Gloves	Bulgaria 2	FWF				FWF			
Head wear	Poland 2								1*
	Poland 1								
	Bulgaria 2								
Visits* at intermediary office		5	3	2	7	3	3	1	9

2.1. Factory A/Country A

The non-compliant issues identified in the factories have largely been eliminated. Due to the fact that we have terminated our work with Jordan, we did not conclude any further corrective action plans.

	Assessment of non-compliance 2019		
	Bulgaria 1	Bulgaria 2	Jordan
Working Policies of the FWF			
Forced labour	0	0	0
Discrimination	0	0	0
Child labour	0	0	0
Freedom of association	0	0	1*
Right to collective bargaining	1*	1*	0
Living wages	1*	1*	pending
Adequate working hours	0	0	0
Occupational safety & health protection	1	1*	pending
Legally binding employment relationship	0	0	0

0 = No non-compliance detected

1* = Special case because country conditions/laws/planning

1 = Non-compliance detected

	Corrective Action Plan 2019	
	Bulgaria 1	Bulgaria 2
Working Policies of the FWF		
Forced labour	0	0
Discrimination	0	0
Child labour	0	0
Freedom of association	0	0
Right to collective bargaining	1*	1*
Living wages	partially solved	pending
Adequate working hours	0	0
Occupational safety & health protection	mostly solved	mostly solved
Legally binding employment relationship	0	0

0 = No non-compliance detected

1* = Special case because country conditions/laws/planning

pending

Forced labour and child labour

The audits in 2019 did not give any indication of child labour.

Discrimination

The audits in 2019 did not give any indication of discrimination.

Freedom of association and the right to collective bargaining

Swiss Post encourages the supplier's management to allow the creation of worker committees; in some countries these issues are guaranteed under existing law.

Living wages

FWF membership entails a commitment to the payment of a living wage in the production factories. Most of the producers pay their employees significantly more than the minimum wage of the respective country. 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 each year.

Adequate working hours

The audits in 2019 did not give any indication of overtime.

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

100% of the workers have full insurance in all factories.

2.2. Factories in eastern Europe

Bulgaria 1

The garment workers on average earn above the statutory minimum wage. Inefficient supply chain planning with communication inefficiencies occurred in one order to our Bulgarian partner, which has led to under-employment in the factory. We have resolved this issue by making a compensation payment.

Bulgaria 2

This is a very small factory with 22 workers. The workers interviewed state they are satisfied with their working conditions. There is no CBA or TU in the factory.

2.3. Factories in low risk countries

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

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.

2.4 External production

In 2019, we worked with four external suppliers: two suppliers deliver very small quantities of clothing, tie pins. The other two are shoe suppliers. 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. 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 handling

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. So far, there have been no complaints in the factories in which Swiss Post produces clothing. There were no direct complaints in 2019, But we have received one information through Human Rights Without Frontiers regarding foreign workers who had been recruited using unrealistic promises. This issue has already been resolved with the cooperation of other FWF Swiss members.

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
- The name of the manufacturer is not mentioned.

4. Training and capacity building

4.1. Activities to inform staff members

Three employees in Corporate Procurement are responsible for purchasing all Swiss Post clothing and for the Fair Wear Foundation project. As we have been a member since 2012, Fair Wear Foundation has been established as the norm for clothing procurement. Swiss Post employees were informed of Fair Wear Foundation's activities in the new 2015–2019 clothing catalogue and in the internal Swiss Post staff newspaper, intranet and on PostConnect.

4.2. Activities to inform agents

Intermediaries know the importance of Fair Wear Foundation's guidelines. As a result, Post CH Ltd is taking steps to directly contact the intermediaries' factories more often. We do not work with agencies.

4.3. Activities to inform manufacturers and workers

New production factories receive training before auditing. 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 are checked during audits and progress is monitored with the CAPs and re-audits. Swiss Post is compiling corrective action plans on the basis of the audit results. We have been working with the factories for a long time so we are able to follow the social impact. When required, we provide them with support them via payment conditions.

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 in Swiss Post's company filing system.

All of our suppliers are obliged to send us correct information via the supplier questionnaire. All suppliers are audited and trained in three-year cycles while they are producing our goods.

6. Transparency and communication

Swiss Post is perceived as credible through transparent communication by publicizing its activities on Fair Wear Foundation. Swiss Post's CSR department informs the general public and internal departments about our FWF membership.

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 Public Eye. We are aware of country risk reports from the FWF and also from other sources like WageIndicator and the OECD.

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.

Swiss Post's Corporate Responsibility Strategy can be summarized as follows:

<https://www.post.ch/en/about-us/responsibility/our-priorities>

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 2019, the 2 x Christmas campaign celebrated its 23rd anniversary and collected 59,376 parcels and 1,722 online parcels. The donated goods are distributed to people in need in Switzerland. Families and social institutions in eastern Europe are also supported.

Children and young people

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. Since 2017, strategic suppliers have been assessed by EcoVadis Tool.

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

Since 2015, we have been working with the Swiss Red Cross (SRC) 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. Since 2018 a part of the clothing is given to BEWO (Berufliche Eingliederung und Werkstätte Oberburg).

Memberships**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 CO₂ emissions attributable to postal services. By 2025, the international postal sector is aiming to achieve a 25 percent reduction in carbon emissions per letter and per parcel, from a 2013 baseline level.

8.2 Environmental activities

Protecting the climate is a long-term mission which calls for targeted action. Swiss Post has created an action plan to increase its CO₂ efficiency by 25 percent by the end of 2020 (compared with 2010). We report annually on our actions in our comprehensive GRI Report. An overview of Swiss Post's corporate responsibility activities can be found at:

<https://www.post.ch/en/about-us/responsibility/what-we-do>

Exemplary in energy

The federal energy role model <https://www.energie-vorbild.admin.ch/vbe/en/home.html> contributes to the implementation of the Confederation's energy strategy 2050. The federal government and companies affiliated with the Confederation are to serve as role models to increase energy efficiency by 25% by 2020. Swiss Post is represented on this committee.