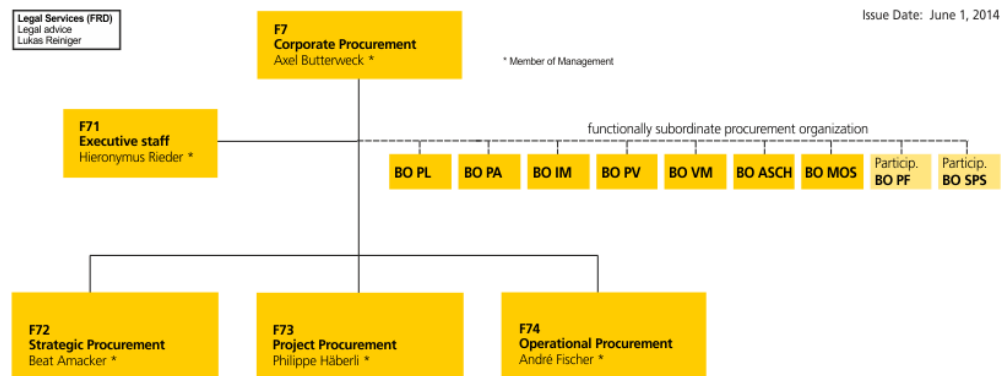


Member since 13.06.2012

CLOTHING PURCHASING Report 2014

01.01-31.12.2014



Summary: goals & achievements 2014

Swiss Post was the first major Swiss public company to join the worldwide Fair Wear Foundation on 13 June 2012. 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 minimum standards for the employees and promote transparency in the garment industry.

Local organizations play a particularly important role in this process. Part-time auditors are usually local experts, such as doctors and lawyers, who are trained to audit production operations for the Fair Wear Foundation.

Swiss Post aims to ensure the continuous further development of working conditions at our international garment suppliers. Our Social and Ethics Code has prescribed the minimum requirements for the protection of people and the environment for our suppliers since 2006.

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 almost take for granted is a scarce resource 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, it does not show in practice.

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

These practices by FWF affect all involved, from direct suppliers in the value chain to our suppliers' subcontractors. This is the only way that we can provide our employees with clothing they can wear without feeling guilty.

In 2014 we achieved the following important results:

- Swiss Post was awarded by FWF with the highest status of "Leader". The specified requirements as part of the 2013 audit action plans have been implemented successfully.
- We performed thirteen audits, and nine workplace training sessions. Except for two sub-contractors, suppliers were audited to determine whether they have implemented the agreed improvements.
- The share of purchasing volume sourced from audited companies increased from 96.7% to 98% without consideration of external suppliers. Swiss Post purchased 261,525 garments in 2014 – mainly from Eastern Europe (83.2) and from Asia (16.8%) - for 37,000 employees.

Most of the producers pay their employees significantly more than the minimum wage of the respective country, however, as this wage is usually lower without overtime than the wage set by the Fair Wear Foundation.

This report aims to create transparency in relation to Swiss Post's clothing purchases and the conditions in the local factories.



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 purchasing 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.”

*Beat Amacker
Head of Strategic Procurement*

Mission of Swiss Post for socially responsible procurement

Code of labour practices of the Fair Wear Foundation

Swiss Post already introduced a Social and Ethics Code for all suppliers in 2006. For clothing purchasing, Swiss Post abides by the working guidelines of the Fair Wear Foundation, on which the producer audits are based. The code is displayed in the factories in the respective national language.

The goal of the Fair Wear Foundation is to improve working conditions in the garment industry. Member companies of the Fair Wear Foundation pledge to only deal with sewn products that have been produced under fair working conditions. Therefore, the Fair Wear Foundation requires this business operation to comply 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. Young people between the age of 15 and 18 must not perform work which can harm their health or safety. For example, they are not permitted to perform work at night or work excessive hours.

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) The employer must not punish employees who express their opinion and wishes. 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. Workers' representatives shall not be discriminated against and shall have access to all workplaces necessary to carry out their representation functions.

5. Payment of a living wage

The wages must at least meet the legal minimum (if this has been defined). The wages for a normal working week should always be sufficient to meet the basic needs of workers and their families and provide some discretionary income. Deductions from wages shall not be permitted which are not provided for by national law. Employees shall be adequately and clearly informed about the specifications of their wages, including wage rates, payment periods and wage deductions. They shall receive a pay slip that contains this information.

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. Overtime shall not be required on a regular basis and must always be compensated at a premium rate, in accordance with the legal requirements.

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

Each employee shall receive a written employment contract and all labour-law and social security obligations to employees shall be assumed.

<http://www.swisspost.ch/ethikkodex>

<https://www.post.ch/en/post-nachhaltigkeit-standards>

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. Long-term relationships with suppliers are important in order to produce clothing in a socially acceptable manner. We pursue "the middle risk country strategy" predefined by our management, and buy mostly from Europe. Our purchasing strategy in a nutshell:

- Trust: long-term relationships with the producers
- Socially acceptable: acceptance by the manufacturers of Swiss Post's Social and Ethics Code and of Fair Wear Foundation's Code of Labour Practices
- Local sourcing: materials chosen local from the production region
- Dual: for big quantities, one supplier in Asia and in Europe
- Economical: best offer-quality ratio value
- Long lifetime: high quality of the garments

In 2014 we laid down 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 CO2 emissions to provide better traceability of each article.

1.2. Organization of the sourcing department

The clothing team of Corporate Procurement Swiss Post comprises three persons. On behalf of the different units, these staff perform the role of buyer and are responsible for the procurement and supply. The final approval is given by the Head of Strategic Purchasing.

1.3. Production cycle

The uniforms, do not have several collections, like in the fashion business. Swiss Post plans the production cycles on a long-term basis. In September, it communicates the planned order quantities for the coming year, so that the suppliers have sufficient time to plan the production and purchasing of material and to meet the delivery dates.

In Asia there are a maximum of two delivery dates in the first half of the year and in Europe there are three (beginning of each February, May and August). Swiss Post anticipates a purchasing period of six months from Asia and three months in Eastern Europe. In Eastern Europe, the delivery period can be reduced to two to three months, depending on the availability of the material.

1.4. Supplier relations

Swiss Post attaches great importance to a long-term partnership and direct cooperation with their producers. This is the only way in which a trusting and respectful relationship can be established. On average, cooperation currently lasts for approximately 4.5 years.

We used the following criteria in 2014 for the selection of new suppliers and the evaluation of current suppliers:

- Does the producer agree to the Swiss Post Social and Ethics Code and does he pledge to comply with it? The supplier must agree that the factory will be audited in advance, before placing an order.
- Does the producer agree to Fair Wear Foundation's Code of Labour Practices and does he pledge to comply with it?
- Is the offer-quality ratio right?
- Does the supplier have the required know-how, technologies, machinery available?
- Are the staff qualified and are there appropriate quality standards?
- Is there sufficient capacity and finances for producing the required number of units?
- How is the environmental commitment applied in practice? For example, solar energy systems, waste separation, etc.

In 2014 we cancelled the cooperation with three production plants in Poland, Bulgaria and China. We cancelled the cooperation in Poland due to challenges in security and health matters in the factory. We produce these articles in Poland, where our requirements regarding safety at work are fulfilled. The Bulgarian company has ceased its production activity. In China we cancelled our cooperation through an intermediary, because our intermediary did not agree with the rules of transparency which FWF demands from member companies.

1.5. Integration monitoring activities and sourcing decisions

In 2014 approximately 261,525 garments were produced by 18 suppliers in 27 factories in 12 countries for Swiss Post. A challenge not only for purchasing and logistics, but also for monitoring the social standards. Swiss Post provides its employees with 77 different types of garments in over 1,600 sizes : classic suits for women and men, outdoor clothing, knitted goods, T-shirts and sweatshirts, casual trousers, shirts and blouses, work clothing, accessories (belts, ties, caps and gloves), as well as shoes. In 2014 the suppliers originated from Switzerland, the Czech Republic, Slovakia, Hungary, Portugal, Poland, Bulgaria, Romania, Jordan and China.

Product group	Country of factory	Order volume 2014
Business uniforms	Jordan	17'772
	Slovakai	10'756
Outdoor	Slovakai	23'425
	Bulgaria	1'943
Casual Pants	Bulgaria	19'597
Woven Shirts	Slovakai	23'345
	China	31'130
Knitted goods	China	40'959
	Hungary	17'282
	Slovakai	3'871
	Czech Rep	5'497
Work garments	Portugal	2'145
	Slovakai	679
Securiy vests	China	2'795
Ties & Scarves	China	16'400
	Italy	19'663
	Germany	1'000
	China	197
	China	1'500
	Slovakai	1'501
Belts	Switzerland	11'000
Gloves	Romania	3'092
Hats	Poland	4'476
	Bulgaria	1'500
		261'525
Shoes	Switzerland	7'770
	Switzerland	12'300
		20'070
External suppliers	Switzerland	939

We prefer to produce in Europe because of traceability of the production and materials.

The monitoring activities of FWF influence our sourcing decisions on our company's sourcing decisions as follows:

If a manufacturer does not accept the FWF standards, we do not start working with the factory. After major issues are found during an audit or major issues are reported within the complaint procedure, our company urges the garment suppliers to take immediate action.

Our suppliers have to initiate the continuous improvements according to the FWF and CAP concept. If this is not done within one year by the supplier, the cooperation will be

cancelled. Placing of orders will be stopped immediately for the next round (orders already placed must be produced so as to secure the delivery of the goods) in case of non-performance or unwillingness to improve labour conditions.

2. Coherent system for monitoring and remediation

Audit programme

Swiss Post has itself to audit 40% of its producers in the first year of its membership in 2012. By the end of 2014, 98% of the garment suppliers had been audited based on turnover without external suppliers. The audits were carried out by FWF, UL, Better Work ILO, FLA and Swiss Post. Swiss Post exceeded the requirements of the Fair Wear Foundation.

All manufacturers audited

Swiss Post already audited all of its suppliers in risk countries prior to joining the Fair Wear Foundation. Currently, 98% of purchasing volumes is from audited factories.

We continue to implement all improvements derived from corrective action plants. The detected non-conformities in health and safety were largely eliminated in 2014.

Results and improvement measures

In 2014 thirteen factories in ten countries were audited and nine work place training sessions were held. In this process the eight Core Conventions of the International Labour Organization (ILO) were explained to workers in the factories. They were also informed of their rights. Workers in the factories were trained on the topics of wages and overtime during a factory meeting. Members of the managerial team have been notified of the topic of responsible management.

These factory training sessions have been rated very positively by suppliers. In all of the cases, an improvement process was initiated, and owing to unwillingness, the cooperation was ended.

Forced labour and child labour

The audits in 2014 did not give any indication of forced labour or child labour.

Discrimination

The audits in 2014 did not give any indication of discrimination.

Freedom of association and the right to collective bargaining

In China and Jordan, freedom of association is restricted due to the political system. Therefore, Swiss Post encouraged the supplier's management to allow the creation of worker committees.

Living wages

Potential for improvement was shown for several suppliers with regard to wages. Most of the producers pay their employees significantly more than the minimum wage of the respective country, however, as this wage is usually lower than the wage set by the Fair Wear Foundation, the standard is regarded as not being fulfilled in some factories.

Adequate working hours

Overtime is a well-known problem in the garment industry. However, for Swiss Post uniform productions there is no reason for doing overtime, as Swiss Post plans the production over the long term with its suppliers.

Occupational safety and health protection

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 makes the manufacturers aware of the shortcomings, points out ways of improvement and requests photos or videos, for example, to document the implementation.

Legally binding employment relationship

Many migrant workers from rural areas work in the Chinese garment industry. China lacks a social security system. Therefore, the Fair Wear Foundation is proposing to the factories that they conclude a private commercial injury insurance policy for each employee, as an initial step. Our three remaining Chinese suppliers have achieved this aim, so that depending on the factory, 80-100% of the workers now have insurance.

Production partners and audits:

Groupe de produit	Pays de production	Volume d'achat de la Poste en %	Durée de la coopération	% de production de fournisseur pour la Poste en pcs	Audits 2012	Audits 2013	Audits 2014	Formation en usine 2014	Visites 2014	Audits prévus en 2015	Formation en usine prévue en 2015	Visites prévues en 2015
Costumes classiques pour hommes et femmes	Jordanie	7.4%	4	0.04%	BW	BW	BW	BW	1	BW	BW	1
	Slovaquie	6.6%	4	3%	CH Post			CH Post	1	Post CH	Post CH	1
	Slovaquie	14.2%	4	30%	CH Post				2	Post CH	Post CH	1
Vêtements d'extérieur Pantalons décontractés	Slovaquie	9.7%	4	30%					1	Post CH	Post CH	1
	Slovaquie	7.9%	4	30%						Post CH	Post CH	1
	Bulgarie	1.6%	8	1.5%	FWF				1	FWF		1
	Bulgarie	9.7%	8	13.5%								
Chemises tissées	Slovaquie	8.6%	>10	15%			CH Post	CH Post	1			
	Chine	7.5%	4	3%	FWF	FWF				FWF		1
Tricots	Chine	6.7%	3	1%		FWF	FLA					1
	Hongrie	3.7%	2	1%			CH Post	CH Post	1			
	Slovaquie	1.6%	4	10%								
	Rép.tchèque	3.1%	6	14%	CH Post			CH Post	CH Post	1		
	Portugal	1.0%	>10	0.4%							Post CH	Post CH
Vêtements de travail	Slovaquie	0.2%	>10	0.1%					1			
Vestes de sécurité	Chine	0.1%	3	0.1%	FWF					FWF		
	Chine	1.4%	2	0.1%		FWF		FWF		FWF		
	Italie	0.5%	1	0.1%			CH Post		1			
	Italie	1.5%	1	2%			CH Post	CH Post	1			
	Italie	1.1%	1	1.2%						Post CH	Post CH	1
	Allemagne	0.1%	1	0.1%								
	Chine	0.03%	9	0.01%			FWF					
	Chine*	0.7%	2	N/A								
	Slovaquie	0.1%	4	0.05%								
Ceintures	Suisse	2.0%	>10	10%						CH Post	CH Post	
Gants	Roumanie*	0.8%	>10	7%	FWF		FWF					
	Pologne*	0.6%	1	2%	UL							
Casquettes	Pologne	1.0%	1	0.003%			CH Post	CH Post	1			
	Bulgarie	0.2%	1	0.05%			FWF					1
	Pologne	0.2%	1	1.4%			CH Post	CH Post	1			
*Fin de la coopération en 2014			100.0%		9	4	13	9	14	12	8	11

Audit results

In 2014 seven audits were conducted in risk countries and six audits in low risk countries.

Working Policies of the Fair Wear Foundation	Assessment of non-compliance 2014							
	Bulgaria ¹	Bulgaria ^{new}	China ¹	China ²	China ³	Jordan	Romania	Poland ^{old}
	33012815	33008536	33017252	33016048	33017227	33015184	33010484	33008536
Forced labour	0	0	0	0	0	0	0	0
Discrimination	0	0	0	0	0	0	0	0
Child labour	0	0	0	0	0	0	0	0
Freedom of association	0	0	1*	1*	1*	1*	0	0
Right to collective bargaining	1*	1*	1*	1*	1*	0	0	0
Living wages	1	1	1	1	1	1	1	1
Adequate working hours	0	1	1	1	1	1	0	0
Occupational safety & health protection	0	1	1	1	1	1	1	1
Legally binding employment relationship	0	0	1	0	1	0	0	0

0 = No non-compliance detected

1* = special case because country conditions

1 = non-compliance detected

Freedom of association is restricted in China by law. Freedom of association is not fully protected under the current Labour Law in Jordan. In China there is no national law specifically governing collective bargaining procedures but only regulations on collective contracts. However, a collective contract established in line with the regulations is legally binding.

In Bulgaria, a Collective Bargaining Agreement (CBA) can be concluded only between the employer/employer's association and Trade Union (TU) representatives. There is no formal/legal way to sign a CBA with another form of worker organization. TU representation is not common in the garment industry in Bulgaria.

According to local stakeholders consulted by FWF in China, China lacks a functioning national social security system. Migrant workers lose 80% of their accumulated social insurance entitlements if they transfer their money between local governments in case they move back to their home province before the clearance period is completed. Factories tend to take this as a reason to not pay their share of social insurance to migrants, nor offer them adequate compensation.

Corrective action plans

Working Policies of the Fair Wear Foundation	Corrective Action Plan 2014							
	Bulgaria ¹	Bulgaria ^{new}	China ¹	China ²	China ³	Jordan	Romania	Poland ^{old}
	33012815	33008536	33017252	33016048	33017227	33015184	33010484	33008536
Forced labour	0	0	0	0	0	0	Cooperation ended	Cooperation ended
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	pending	1*	1*	1*	1*	0		
Living wages	started	pending	started	started	pending	pending		
Adequate working hours	0	pending	started	pending	pending	started		
Occupational safety & health protection	0	done	started	started	started	started		
Legally binding employment relationship	0	0	started	started	pending	0		

0 = No non-compliance detected

1* = special case because country conditions

1 = non-compliance detected

2.1. Factories in eastern Europe

Bulgaria

Unemployment is high and has increased in the past year, which leads to poverty in several regions within 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.

Bulgaria1

We have moved the production of casual trouser orders from China to Bulgaria, so that the factory could increase his capacity utilization and improve the wages due to increased purchasing quantity. Workers stated that they can see an improvement since the last audit. This is due to improved support from Swiss Post and regular audits. The wage level is above the legal minimum wage and has risen to the industry average level.

Bulgaria new

Very small factory with 17 workers. Workers interviewed state they are satisfied with their the working conditions. All workers are paid above the legal minimum wage. A few mistakes were detected in the worker documentation. The aim was to improve on this. There is no CBA or TU in the factory. (Please see comment on page 10 regarding this topic).

Romania

This was a small factory with 12 workers. No improvements were seen during the second audit by the Fair Wear Foundation, despite these improvements being confirmed in writing several times. Communication was difficult as neither Swiss Post nor the contractor had direct contact with the producer; everything had to go through the contractor's agent.

The producer was not prepared to initiate the improvements as the producer regarded Swiss Post as a small client. This is why we decided to end the cooperation.

Poland (old factory)

This was a factory with 98 workers. During the second social audit by UL it was ascertained that the confirmed improvements had not been implemented. Among other things, the producer was not prepared to initiate the improvements regarding occupational safety. This prompted us to end the cooperation.

2.2. Factories in Asia

China

Minimum wages in China are locally defined and differ much 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 garments industry. They show also a strong sense of knowing their rights when it comes to working hours and overtime. Contemporary factories know that these younger workers are the key to their success in the future and they are trying to make the working places more friendly for recruitment of a younger workforce in China.

China 1

The factory is member of FWF and has a relatively stable workforce and around 51% of the workforce has been working in the factory for more than three years. More than 60% of the workforce comprises local people and 40% are migrants from the nearby provinces of China. Workers are satisfied with the overall working conditions at the factory.

Freedom of association is restricted in China by law. A union had been set up in the factory of 60 to 70 persons nominated from each production department. The union has regular meetings to discuss workers' concerns. These meetings are held as needed.

Workers are briefed on the employment terms and conditions and FWF Code of Labour Practices. An important milestone was reached in 2013. The wage level of 80% of piece rate workers has increased to the level of the Asia Floor wage or above.

The factory was assigned a fixed production capacity following Swiss Post's order placement. Based on the agreed capacity, our orders will be produced over a period of five to six months without overtime.

Approximately 90% of the workers are fully registered with the national social insurance. For migrant workers who wish to not enrol for government insurance, the factory provides commercial injury insurance and medical insurance.

The FLA made their assessment in 2014. They deemed there to be shortcomings in human resources management, environmental protection, and in occupational safety. These aspects need to be improved by mid-2015.

China 2

The factory has a good social compliance system; all documents, policies, manuals are available. The factory was trained on behalf of Swiss Post by FWF on the Workplace Education Programme in 2013. After the workplace training, workers gained improved knowledge and awareness of the FWF Code of Labour Practices. Improvements were realised after the first audit in December 2012, particularly in the area of health and safety.

Management invested saving energy 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 60 democratically elected workers. This is exceptional for China. Management do not get involved in the operations or functions of the committee. The main function of the committee is to discuss the worker's career development, company culture and strategy with management. The committee has a meeting with the management once a year. However, workers show low awareness of the functioning of the committee.

The factory employs 10 or more disabled people as a contribution to the local community and society.

Wages increased 10% compared to the last audit, but are still below the living wage benchmarks. When all benefits and voluntary overtime premiums are taken into account, the average wage of workers is above the Asia Floor Wage.

Weekly working hours are longer than set out in the FWF Code of Labour practices. This should be improved on. Workers are free to refuse the overtime hours.

All workers are provided with social security (this is exceptional for China). In 2015 the factory will be audited.

China 3

This is a small factory with 55 workers. The first social audit was initiated by FWF in 2013 to monitor the labour conditions of the factory.

Most workers are local people and more than 57% 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.

Workers can write to or call the plant manager or the owner in the event of complaints. It is a small factory, the management enjoy a close working relationship with their employees and they are quite open to talking with workers about their needs, suggestions and complaints.

There is no CBA or TU in the factory. Workers are not so interested in setting up their own union or organization. Instead, they are more interested in production in order to make more money and they don't believe trade unions or workers' organizations can change dramatically the labour standards of one specific factory in their region.

Wages increased, according to the management, by 10% compared to 2013, but are still below the living wage benchmarks. When all benefits and overtime premiums are taken into account, the average wage take-home for workers is above the Asia Floor Wage.

Weekly working hours are more than set down by the FWF Code of Labour practices. This should be improved on. Overtime is voluntary and the workers are free to refuse overtime hours.

80% of the workforce is provided with pension, medical, injury, unemployment and maternity insurances. Meanwhile, the factory buys commercial injury insurance for the rest of the employees who are not covered under the government social insurance system.

This factory was trained on behalf of Swiss Post by FWF on the Workplace Education Programme in 2014, so that the workers could improve their knowledge and awareness of the FWF Code of Labour Practices. The factory will be audited in 2015.

China 4

This is a medium-sized factory. The first social audit was conducted by the Fair Wear Foundation at the end of 2014. We received the audit report at the end of January 2015. As such, the negotiations for improvement measures have only been underway since 2015.

2.3. 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 factory is monitored and trained by Better Work Jordan permanently and ILO has authority in labour issues. In 2014 six workplace training sessions were held for the workers and management. Better Work Program (ILO) will be financed by International Finance Corporations, and the State Secretariat for Economic Affairs, Switzerland (SECO) belongs to the donors. A collective bargaining agreement (CBA) between two apparel employers' associations and Jordan's garment union was signed in May 2013.

Freedom of association is not fully protected under current labour law. 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. PICC is comprised of four management and six worker representatives. Negotiations for the improvement of working conditions will be held by Better Work Jordan and Jordan Ministry of Labour.

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 factories comply with all working policies and the 8 ILO core labour standards are an integral part of the daily business practices. It should be mentioned that the workers in Slovakia, Hungary and Czech Republic have no interest in joining trade unions.

In 2014, Swiss Post conducted a total of six audits and seven factory training sessions in Italy, Slovakia, the Czech Republic, and Hungary. 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 the local working conditions and supports producers in implementing the improvements on an ongoing basis.

2.5. External production

We cooperated with six external suppliers in 2014: four suppliers provided very small volumes of clothing and the other two were shoe suppliers. However, it must be noted that the supplier may change each year for one-off staff initiatives depending on supply. This also depends on whether the order is for orthopaedic shoes or work shoes.

We generally know that the shoes are mainly manufactured 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. Nevertheless, we try to take small steps to make these suppliers aware of our stance and buy from FWF or FLA member companies as far as possible. One of our external suppliers is a member of FWF. The second external supplier has already completed the FWF questionnaire for external suppliers.

Monitoring measures are always implemented for external suppliers if the FWF employees in the respective country have been notified of statutory violations.

3. Complaints procedure

The FWF code of labour practices is placed in the local language in each factory for all employees to read. In addition, the employees can find a contact person at the Fair Wear Foundation on the poster, who they can turn to in the event of a complaint. The Swiss Post purchaser informs the workers personally when they visit the factories. So far, there have been no complaints in the factories in which Swiss Post produces clothing.

The Fair Wear Foundation displays its contact details at the premises of each of its member manufacturers, including the telephone number and e-mail address, for complaints.

If the working conditions do not comply with the requirements of the Fair Wear Foundation, employees, involved third parties or non-governmental organizations (NGOs) can contact the independent body. It forwards the complaint to the Fair Wear Foundation anonymously. The 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, the complaint case is published on the www.fairwear.org website. The name of the manufacturer is not mentioned.

4. Training and capacity building

4.1. Activities to inform staff members

Three employees in Corporate Purchasing are responsible for purchasing all of the Swiss Post clothing and for the Fair Wear Foundation project.

As we have been a member since 2012, FWF has been established as the norm for purchasing clothing. Swiss Post employees have been informed of the Fair Wear Foundation's activities in the new 2015 clothing catalogue and in the internal Swiss Post staff newspaper.

4.2. Activities to inform intermediaries/agents

Merchants/agents have come to understand the importance of the 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 the Fair Wear Foundation does not directly reach the operators. As a result, Swiss Post is taking steps to directly contact the agents' factories more often. This is done in consultation with the agents. 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 the Fair Wear Foundation Code of Labour Practices.

It's part of our purchasing strategy that we must give maximum efforts so that the workers and other staff in the garment factories can improve social performance. Efforts should include the following:

- Human resource management
- Labour rights

- Health and safety
- Production process and its impact on code compliance (for example reg.overtimes)
- Communication, grievances and/or complaints mechanisms.

All these issues will be checked during audits and the progress will be monitored with the CAP's and re-audits.

Swiss Post is compiling corrective action plans on the basis of the audit results. Factory training sessions are being run on an ongoing basis based on the needs of individual suppliers.

Nine factory training sessions were held in 2014; a further eight are planned for 2015. These sessions will once again be conducted by the Fair Wear Foundation, ILO's Better Work partnership programme or by Swiss Post.

The auditors of Better Work conduct regular meetings with the supplier. Better Work produced cartoons for its employees in Jordan, through which they are familiarised with the subject of occupational safety and accident prevention in an entertaining manner.

5. Information management

Information about all audits and audit measures conducted by Fair Wear Foundation, ILO's Better Work partnership programme, UL, FLA, and Swiss Post is stored both in our Fair Wear Foundation Clothing files under the year and supplier and in the "Mires" Swiss Post company filing system. We also use the Fair Wear Foundation database to share our information with 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 when they are producing our goods and combine it with an audit and factory training session. This requires very efficient planning.

Our visits to suppliers' premises affect all involved, from direct suppliers in the value chain to the suppliers' subcontractors. Cooperation with suppliers that do not accept Swiss Post's stance on this will come to an end.

6. Transparency and communication

With the communication on the Fair Wear Foundation, Swiss Post intends to create transparency and inform the public about its sustainable activities. This relates to internal and external measures. For the internal and external communication of the membership with the Fair Wear Foundation, the Sustainability department, which is based in the Communication department, supports the Purchasing department. Information exchanges are held regularly between the purchaser and the Sustainability department.

The internal and external communication measures are suggested by the Sustainability department and are planned and implemented in accordance with the internal communication process of Swiss Post. Our Sustainability 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 will be notified of the Fair Wear Foundation updates via the intranet and the staff newspaper on an ongoing basis. Everyone knows that Swiss Post considers the FWF obligations related to stricter audits of social standards for its clothing suppliers to be part of the company's daily business.

7. The stakeholders' commitment

We are in exchange with NGO's Brot für alle and Erklärung von Bern.

8. Corporate Social Responsibility

8.1 Corporate citizenship activities

Swiss Post lives up to its social responsibility. It is committed to society and supports numerous foundations and charity organizations and promotes sports and culture as well. It also gets involved internationally, for example by working with postal organizations in developing countries. In addition, it focuses on sustainable purchasing.

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.

2 x Christmas

2 x Christmas is a charitable campaign supported jointly by the Swiss Red Cross (SRC), Swiss television (SRG SSR) and Swiss Post. Over the Christmas period, people donate food and day-to-day necessities. Swiss Post transports these free of charge to a SRC logistics centre, where they are sorted and forwarded to those in need by Swiss Post employees and SRC volunteers. 71'000 parcels were collected during the 18th 2 x Christmas campaign 2014. The goods donated are distributed to needy people in Switzerland and distributed to families and social institutions in Moldavia, Bulgaria, Belarus and Bosnia-Herzegovina.

College for Collaborative Mobility (cocomo)

In the run-up to the 2nd World Collaborative Mobility Congress, Swiss Post is sponsoring the mobility academy to run the College for Collaborative Mobility ("cocomo") for the first time. This encourages future mobility experts to develop sustainable mobility concepts using practical methods and to network with important 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 postage stamps. With the money raised in this way, Pro Juventute supports children and young people.

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

Each year Swiss Post receives around 16,000 letters from children addressed to Santa Claus. Swiss Post helps by sending these children a gift and a reply 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 – in 2010, for example, Ecuador and Cuba received 8,000 post boxes.

Sustainable procurement

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

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

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 2020, the international postal sector wishes to reduce its CO₂ emissions by at least 20 percent compared with 2008 levels.

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 CO₂-efficiency by 10% by the end of 2016 (based on 2010). Our actions can be summarized as follows:

A vision of emission-free mail delivery

Over 5,800 electric scooters running on energy from renewable sources are already in use. Swiss Post is set to replace the full fleet of petrol scooters by 2016.

It places emphasis 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 efficiency and value for money. New buildings, such as the new Swiss Post headquarters are developed in accordance with the Minergie, Minergie-ECO or SNBS standard.

Solar electricity from Swiss Post roofs

Swiss Post is installing more and more photovoltaic systems on the roofs of its building 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 CO₂ emissions are measured and reported in compliance with strict international standards (e.g. ISO 14064-1, Greenhouse Gas Protocol, revised edition 2004).