

Swiss Post corporate wear social report



Reporting period **1 January 2023 – 31 December 2023**

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FAIR WEAR MEMBER SINCE JUNE 2012

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Summary of achievements 2023

In 2023, a corporate responsibility governance was developed and a first [nonfinancial report](#) has been published, outlining corresponding goals, measures and progress. The following measures to achieve Swiss Posts goals for a fair and environmentally friendly supply chain have been taken:

- Introduced a management system to monitor human rights due diligence obligations and environmental concerns. Based on this, Swiss Post has established human rights due diligence guidelines since 2017 for the procurement of garments (OECD Due Diligence for responsible supply chains in the garment and footwear sector) and since 2023 for all commodity groups within Swiss Post. The guidelines are based on the OECD Due Diligence Guidance for Responsible Business Conduct.
- Introduced a process for identifying potential risks at suppliers, including the areas human rights and environment. When procuring uniforms, Swiss Post takes the probability of occurrence of a risk and the severity of the impact into account. Swiss Post is currently working on the extension of this approach to other commodity groups.
- Revised the [Supplier Code of Conduct for Responsible Procurement](#) to strengthen partnership relations with its suppliers and ensure joint progress in social and environmental issues. The Code of Conduct is based on Swiss and international standards and obliges suppliers to adhere to human rights, prohibit child labor, guarantee fair pay, and protect the environment throughout the supply chain. The Code of Conduct for Responsible Procurement must be accepted by suppliers as a basis for cooperation. Uniform suppliers must also accept the FWF CoLP.
- Expansion of PostCourage, the anonymous whistleblowing platform. Suppliers, affected parties in the supply chain and other stakeholders can now use PostCourage to report concerns related to human rights abuses or environmental issues within the supply chain. In addition to the FWF tool, the expansion of the whistleblowing platform is an important step in enabling Swiss Post to receive information about breaches of the Supplier Code of Conduct for Responsible Procurement and introduce countermeasures.
- Introduced mandatory sustainability criteria with a weighting of 15 percent in all procurements over CHF 150'000.00. For example, targets and measures to reduce greenhouse gas emissions or the performance rating in the area of sustainability are assessed.
- Responsibly terminated the business relationship with a Swiss intermediary and its Bulgarian subcontractor as a result of a tender.

Swiss Post's general commitment to sustainability and HRDD at corporate level

With its “Swiss Post of tomorrow” strategy, Swiss Post aims to ensure a simple and secure digital public service for the future, close to people and SMEs. The only way to do so is with a sustainable approach – because a modern Switzerland is a sustainable Switzerland. Swiss Post sees this as an opportunity and embraces its corporate responsibility. Swiss Post has an ambitious climate and energy target validated by the Science Based Targets Initiative (SBTi). Until 2030, Swiss Post becomes climate neutral for in-house operations and net-zero until 2040. Within the value chain, this means a CO₂ reduction of 25% between the baseline year 2021 and 2030.

Responsible procurement plays an important role in the sustainability strategy 2021-2024 and is one of the five fields of action.



Figure 1: Swiss Post fields of action

Swiss Post takes its responsibility for people and the environment seriously when it comes to procurement. Our aim is to establish fair and environmentally friendly supply chains beneficial for everyone involved: producers, employees, suppliers, partners, and customers. However, responsible procurement is also a prerequisite for remaining competitive in the future and maintaining our image as an attractive employer. Sustainability is therefore fully integrated into the procurement function and forms part of our procurement policy. In this way, we support our goal of achieving climate neutrality and fulfill our Human Rights Due Diligence. We treat our suppliers responsibly, because only by working together fairly and in partnership can we significantly increase sustainability in the supply chain. Swiss Post has a procurement volume of around 3 billion Swiss francs every year. We give preference to partners who base their business policy on a holistic approach and share our values. Sustainability criteria are systematically applied right from the tendering process. Signing our Supplier Code of Conduct for Responsible Procurement is an important cornerstone for cooperation. The code obliges suppliers to respect human rights, prohibit child labor, pay

fair wages and take measures to protect the environment and climate along the supply chain. We develop appropriate processes to ensure that our suppliers comply with the requirements of the Supplier Code of Conduct for Responsible Procurement. In doing so, we are guided by the internationally recognized standards of the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct.



Figure 2: HRDD Cycle

1. Policy statement and anchoring

The Supplier Code of Conduct for Responsible Procurement forms the basis for cooperation with our suppliers. We have defined clear responsibilities within Swiss Post to ensure that this code is implemented, and due diligence obligations are met. We have been implementing the OECD due diligence guidance for responsible supply chains in the garment and footwear sector within our procurement sector of uniforms since 2017. For the other commodity groups we start to implement this method. In addition, we are currently developing a group-wide HRDD policy that includes not only all commodity groups in procurement but Swiss Post as a company itself.

2. Risk analysis

It is important that we understand our risks to pursue our risk-based approach. We conduct a comprehensive risk analysis with the EcoVadis IQ tool for corporate suppliers including our uniform producers in order to fulfill our corporate due diligence obligations. This analysis helps us to identify and prioritize suppliers where action is needed. We take into account the probability of occurrence and the severity of the risks.

3. Measures

Based on the risk analysis, we define measures that must be implemented by the supplier. The measures taken help to prevent, eliminate or mitigate negative effects in our supply chain.

4. Monitoring

By monitoring the defined measures and indicators, we check whether the intended effect has been achieved. This helps us to continuously develop and improve our process.

5. Communication

We report transparently on the progress made in our supply chain and the effectiveness of the measures taken.

6. Grievance mechanism and remediation

The publicly accessible whistleblowing channel PostCourage can be used to report grievances along the supply chain. A group wide HRDD analysis was carried out by a HRDD specialized company. The aim is to publish an HRDD policy in the upcoming reporting year that covers not only the procurement of garments but the whole group.

CLIMATE AND ENERGY TARGET FOR PROCUREMENT

We want to achieve our ambitious net-zero target by 2040. A significant proportion of our greenhouse gas emissions are generated in our supply chain. We are therefore placing a particular focus on decarbonizing our supply chains. We strive to reduce emissions from the supply chain by 25% until 2030 and by 90% until 2040 compared to the baseline year 2021. That's why we also pay attention to environmental risks in the procurement of our garments. Since 2021, this has included asking our suppliers about indicators for measuring environmental impacts (e.g. CO₂-emissions, water usage, etc.) or checking the use of recyclable materials during audits.

Procurement of uniforms

The global clothing industry is characterized by precarious working conditions and low wages. In 2012, we therefore became a member of Fair Wear Foundation (FWF). Swiss Post's procurement organization is responsible for the entire procurement volume based on strategic guidelines.

ORGANIZATIONAL CHART

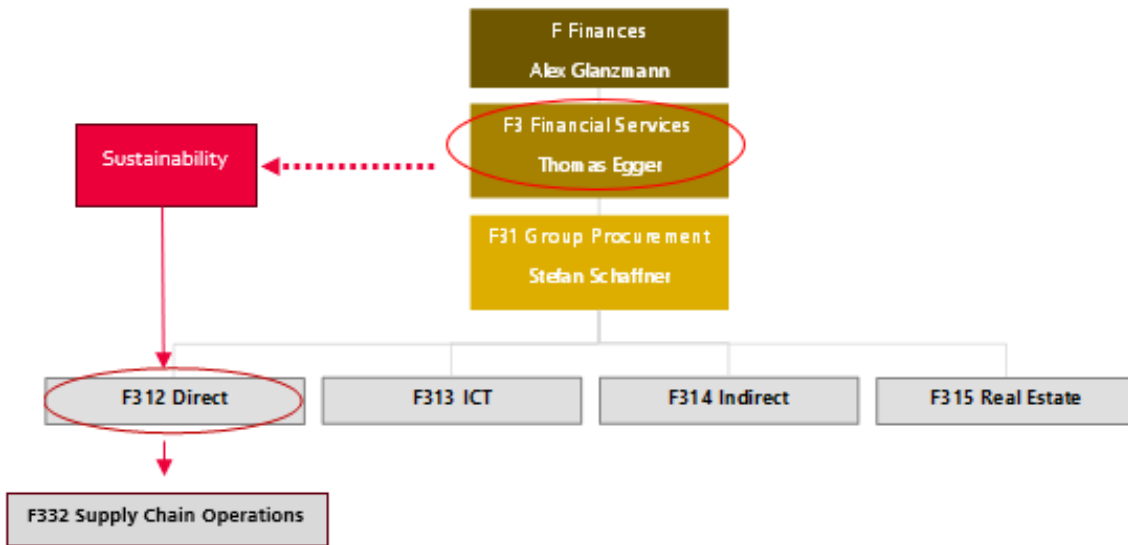


Figure 3: Organizational chart

The uniform procurement team consists of six persons with total 2.6 FTE's. It is supported by the F30 unit "Responsible procurement" regarding sustainability and the F332 unit "supply chain operations" regarding disposition. Sourcing decisions are made within the team F312 and approved by the head of procurement. Whenever possible, we strive to work directly with producers.

Sourcing strategy

Continuity is important and we maintain a long-standing relationship with our suppliers. Swiss Post's core values are embedded in its Supplier Code of Conduct for responsible procurement as well as Fair Wear Foundations' code of labour practices.

WORKWEAR PROCUREMENT STRATEGY 2021–2024

The procurement strategy for workwear is built on seven pillars, as described below:

1. **Transparency (incl. risk identification)** along the supply chain of the garment factories up to 3rd tier (Fabric suppliers pending)
2. Garment factory **audits and trainings**
3. Monitoring of **improvement measures (Corrective action plans)** at garment factories
4. Use of **innovative** and **long-lasting** materials
5. **Shortest** possible **delivery routes** for procurement in order to reduce **CO₂-emissions**
6. **Public** communication of the **social report** and of the **brand performance check**
7. **Long-term**, trusting **relationships with suppliers** with regard to compliance rules

In 2014, we specified that each supplier is required to fill in a detailed open book product calculation sheet for all materials used, including their supply sources and webpage. This allows us to know the whole supply chain, including materials, manual labour, prices and transport, offering better traceability for each item. Our principles remain as follows:

- We strive to develop fair and long-term relationships with manufacturers.
- We aim to work with high-quality factories.
- We arrange independent third-party on-site assessments and trainings in the factories where our workwear is produced. We start a business relationship with the suppliers after having performed a successful on-site assessment.
- Where there is need for improvement, we expect suppliers to develop and to be willing to engage in dialog with us.
- When procuring workwear, Swiss Post considers it important that its employees are appropriately, aesthetically pleasingly and uniformly dressed.
- We buy from countries where a reasonable rule of law is in place.
- 100 percent of our workwear items are produced in Europe.

PRODUCTION CYCLE

Swiss Post plans its production cycles on a long-term basis. In May/June, planned order quantities are communicated for the upcoming year, so that the suppliers have sufficient time to plan the production and procurement of materials and to meet the delivery dates. Between three and five deliveries are required. All garment suppliers are based in European countries.

FACTORY RELATIONS

There was one change in the sourcing decision in 2023. Mid 2023 we ended the cooperation with a supplier in Bulgaria considering the responsible exit strategy. The producer was informed one year in advance. Another supplier in Slovakia has merged two factories to one factory. No employment contracts were terminated. Swiss Post puts great importance to direct cooperation with producers. The following criteria are important for the selection of new suppliers and their subcontractors together with HRDD requirements:

- Has the supplier the required expertise, technology, and qualified staff available?
- Is there sufficient capacity and finance for producing the required number of units?

If the points described above are fulfilled and the prices are negotiated, an on-site assessment and a training will be organized and paid by Swiss Post. Cooperation only begins after successful completion of the on-site assessment and will be subject to continuous monitoring through corrective action plans.

PRODUCTION LOCATIONS

In 2023, a total of 211'289 pieces of workwear items were produced for Swiss Post. The 15 factories are based in eight countries, including Slovakia, Bulgaria, Portugal, Germany, the Czech Republic, Switzerland, Italy, and Poland. In all factories on-site assessments are conducted and all corrective action plans are realized. The share of production volumes for each country is shown below.

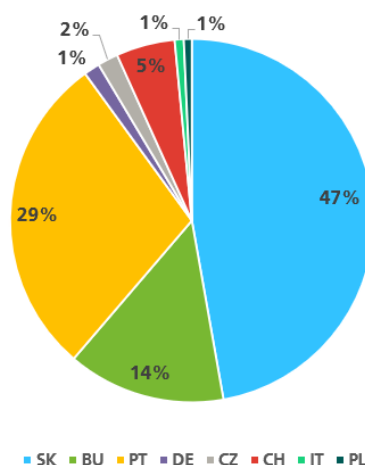


Figure 4: Country production volume 2023

Intermediary relations

The choice of intermediary depends on the product. We generally produce accessories with intermediaries, as the quantities are small. All intermediaries have been trained in accordance with the Swiss Post Code of Conduct for responsible procurement and the FWF Code of Labor Practices before a contract is signed.

Application of HRDD policy & management system for garments

Swiss Post's human rights due diligence process for the procurement of uniforms and shoes takes the individual measures set out in the OECD Due Diligence Guidance for Responsible Business into account (see figure 1). Swiss Post has been implementing the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector in its supply chain since 2017. The process is explained below.

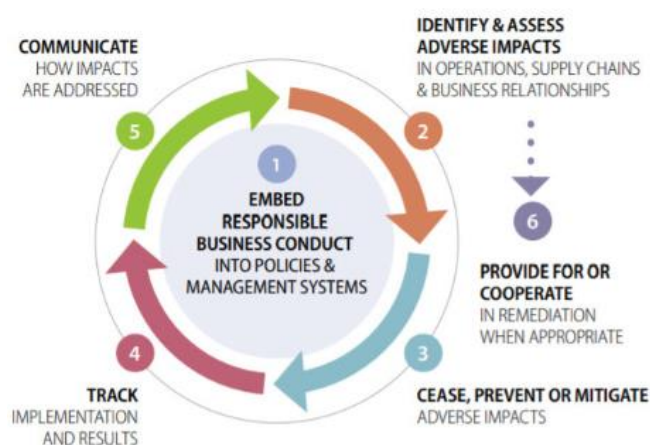


Figure 5: Due diligence process and supporting measures in accordance with OECD

1. Anchoring responsible business conduct in the management system

Respect for human rights is a core value of Swiss Post and a central part in [the Supplier Code of Conduct for responsible procurement](#). Swiss Post strives to reduce risks within the supply chain and build sustainable relationships with stakeholders. The Supplier Code of Conduct for responsible procurement covers environmental, social and governance related issues and is aligned with the UNGP and the OECD guidelines for responsible procurement. All uniform suppliers must accept the code as well as FWF CoLP and FWF requirements.

2. Identifying and assessing actual, potential risks in Swiss Post's supply chain

Identifying the impact of potential human rights violations in the supply chain is the first step in effectively preventing and combating human rights violations. Swiss Post has introduced a systematic approach by sending the questionnaire to suppliers who want to work with Swiss Post. In the case of tenders, the questionnaire is sent out and the potential supplier must accept it. Before signing the contract, the questionnaire must be filled out. Afterwards, an on-site assessment will be conducted based on the collected data from the questionnaire and the supplier will be trained.

The main risks in the apparel industry

The most important risks in the apparel and footwear industry are shown below.

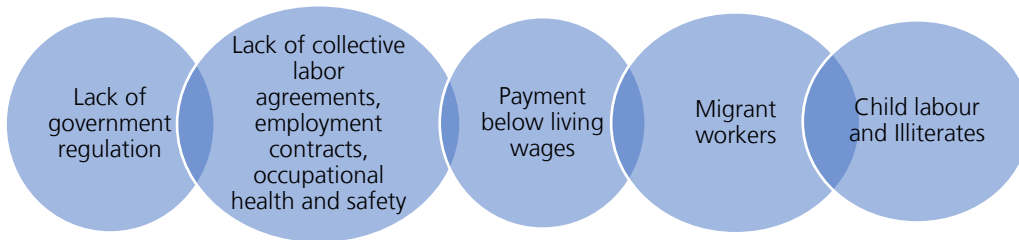


Figure 6: Risk issues in the apparel and footwear industry

The process of identifying and assessing actual, potential risks in Swiss Post' supply chains is described below:

1. In a first step, industry risks are identified in the countries where the uniforms are produced. Each supplier must fill in the questionnaire which includes data of supply chain transparency and FWF / ILO commitments. Subsequently, the individual production plants are audited. Here, the sourcing model (whether working directly or through an intermediary), spend and capacity utilization by Swiss Post are essential to identify potential financial risks.
2. In a second step, the significant industry risks are analysed and prioritized for each production facility based on the severity and probability of occurrence of a risk (e.g. child labour).
3. In a third step, the data is consolidated and submitted to management as a risk analysis.

Potential risks	Identify significant risks	Management Review/ Update
<ul style="list-style-type: none"> • Production countries • Production factories/ Sourcing model 	<ul style="list-style-type: none"> • Risk allocation based on likelihood and severity of an adverse impact 	<ul style="list-style-type: none"> • Every year

Figure 7: Procedure for identifying risks

Analysis of the sourcing model

Swiss Post has a hybrid sourcing model for awarding contracts:

- a) Direct awarding of contracts to production companies
- b) Procurement via intermediary

The risks of the sourcing model are identified annually as follows and, where necessary, measures are initiated:

- Identification of the production company
- Capacity allocation for Swiss Post's orders from production operations and Swiss Post's expenditure
- Overall risk for production operations and for Swiss Post
- The country and supplier risk analysis, which is updated every year and verified by FWF

Identification of production factory and country	Capacity and spend of Swiss Post	Overall risk
Contracter / Country	What % is the share of Swiss Post of production capacity at factory?	Supplier risk
Direct supplier or subcontractor of intermediary?	Dito above	Communication risk
Production factory / Country	What is the share of supplier / factory of spend of Swiss Post?	Spend / Capacity/ Product

Figure 8: Analysis of the sourcing model

3. Cease, prevent and mitigate adverse impacts

The aspects listed below are checked during the on-site assessments before the contract is signed. In this way, potential risks are identified in advance and necessary corrective measures are initiated. Country risks are determined using the UN Development Index, Unicef and the Amfori EU Risk Analysis for the garment sector.

Verification	Sources used	Through interviews confirmed
Child work	Unicef, country risks EcoVadis	Yes
Respect treatment of workers	Workers, management	Yes
Ban of discrimination	workers, management	Yes
Ban of forced work, slavery	workers, management	Yes
Occupational safety & Health	ISO 18001, 45001	Yes, verification of certificates
Working hours	EU social reports*, FWF reports	Yes, verification of time registration
Wages	ILO Eurostat*, WageIndicator*	Yes, verification of wage payments
Work contracts	contract	Yes, verification of contracts
Environmental datas	collecting of available datas	Yes, with management

Figure 9: Verification of risks

Risk prevention occurs through responsible purchasing practices and partnership-based cooperation with suppliers as listed below:

- Internal controls through on-site assessments, trainings, and improvement measures
- Supporting suppliers through dialog
- Supplier surveys with the question “what could be better”

Supplier Evaluation as an allocation/prioritization of the risks in the supply chain

The apparel and footwear sector are inherently risky, regardless of where the goods are manufactured. In practice, the risks are determined during social on-site assessments. Based on the model shown below, suppliers with an increased risks are analyzed and prioritized each year, and the data is updated accordingly.

Supply chain mapping	Assessment of the risks	Identification of the red flags
1. Country risks	UN Development Index, Unicef, Amfori	Countries with low working standards
2. Sector risks	Analysis of severity and likelihood of the risks Sector risks for each supplier Mapping of sector risks for Swiss Post	Occupational health and safety
3. Production factory	Risk / Leverage supplier risk	GHG Emissions
4. Traceability	Allocation / Priorization of the risks	Wages

Figure 10: Supplier evaluation

Most significant risks in the supply chain

Swiss Post has four risks allocated / prioritised in the supply chain of its uniforms:

1. **Country with low working standards:** Bulgaria
2. **Occupational health and safety:** There are small deficits everywhere, which are constantly being improved
3. **Greenhouse gas emissions:** We have potential for improvement with all producers
4. **Wages:** Swiss Post produces in European countries. We check wages during on-site assessments and receive wage data from suppliers every year, which we compare with Wage Indicator data. All suppliers are obliged to pay the minimum wages set by the government. Slovakian suppliers, where we have 47% of production, pay workers on average 26% to 71% more than the minimum wage. According to our surveys, all workers are satisfied with their wages.

4. Tracking Implementation and results

The implementation and effectiveness of activities related to the HRDD process are monitored by procurement regularly. The human rights due diligence process and results are reviewed for conformity through FWF during the Brand Performance Check. The last on-site assessments of nine contracted suppliers have been conducted in 2022. The next on-site assessments will be conducted in 2025. All corrective action plans from 2022 have been implemented. The process of tracking is explained below:

- **Verification:** confirmation of the producer that our requirements have been fulfilled. "Requirements" are actions under a corrective action plan and/or legal regulations. For example, a building inspector may verify that fire exits align with fire safety regulations.
- **Monitoring:** provides us a more comprehensive picture of the situation at the site-level than a one-time assessment. For example, important factories send us the monthly working hours of employees in the sewing and finishing departments every year.
- **Validation:** Determining whether the measures taken to prevent impacts are effective. For example, it is checked whether the current employee training has a long-term effect on health and safety in the workplace.

5. Communication

In 2023, a corporate responsibility governance was developed, and a first nonfinancial report has been published, outlining corresponding goals, measures and progress as requested by the law. Moreover, Swiss Post reports publicly each year through the FWF social report.

6. Provide or cooperate for remediation

For Swiss Post, the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector approach is crucial. Thanks to the collaboration with FWF, we are able to eliminate or mitigate the discrepancies. The process of eliminating, avoiding and minimizing negative effects in the garment supply chain is described below:

Information of the harm	Analysis of the harm	Monitoring of the harm
Reporting the case together with sourcing manager to compliance services CC: Chief of procurement	Are we responsible for the case, do we contribute to it or are we directly involved?	Is FWF informed in order to clarify concerns and agree on a strategy?

Figure 11: Analysis process in case of harm

- Did Swiss Post **cause** the negative impact/harm?
- Did Swiss Post **contribute** to the negative impact/harm?
- Is Swiss Post **directly linked** to the negative impact in the supply chain through a business relationship?

Complaint process of the employees

- Employees at the production-sites can report complaints related to human rights and can submit these reports both to Swiss Post and the FWF claim tool. Swiss Post provides solutions and seeks for remediation when appropriate. The FWF claim coordinates are visibly displayed for all suppliers in the factories.
- If a complaint is justified, Swiss Post will determine the appropriate remedy, considering national laws and international guidelines.
- Swiss Post has a unit that investigates complaints regarding the procurement of uniforms and seeks solutions with the support of FWF.
- In 2023, PostCourage, the anonymous whistleblowing platform, was expanded. Suppliers, affected parties in the supply chain and other stakeholders can now use also Post-Courage to report concerns or tip-offs relating to human rights abuses or environmental issues within the supply chain.

If all attempts to find a solution through dialog fail, the relationship will be terminated, considering the responsible exit strategy of Fair Wear Foundation.

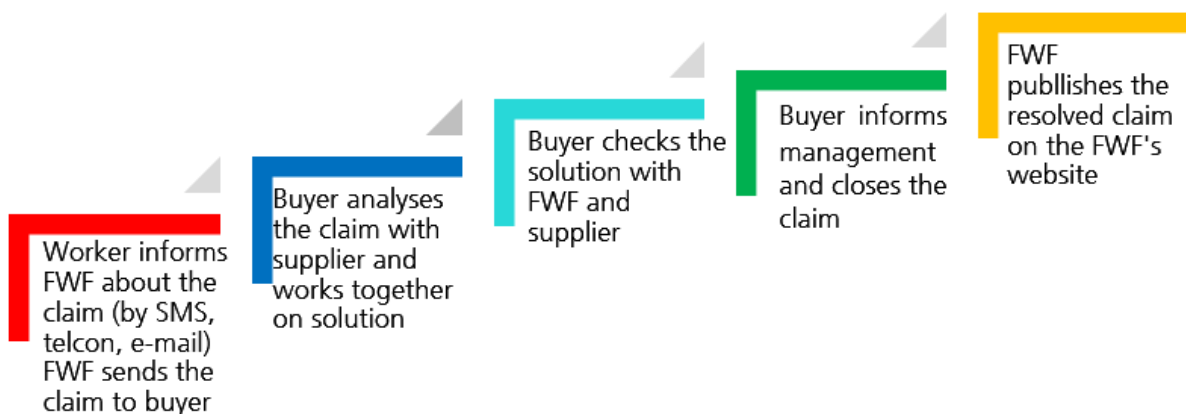


Figure 12: Grievance mechanism

In 2022, we had a claim from a factory in Bulgaria which could be resolved well. We ended the business relationship in 2023 considering the responsible exit strategy. The reason for this claim was the communication problems between the intermediary, its liaison office and the supplier.

MONITORING

The implementation and effectiveness of due diligence activities will be monitored by procurement. The effectiveness of the measures taken will be reviewed and the lessons learned from the follow-up will be communicated internally to improve processes in the future. Swiss Post continuously strives to meet the Fair Wear Foundation's Code of Labour Practices to ensure socially acceptable and safe working conditions in all factories where our workwear items are produced. Improvements are initiated in conjunction with manufacturers where necessary. The sustainability team monitors the corrective action plans of all suppliers and ensures that these are implemented within one year. As our manufacturers are based in Europe, fewer problems occur. Most cases relate to occupational health and safety issues in the factories.

ON-SITE ASSESSMENTS

2 on-site assessments have been conducted for potential suppliers in 2023. The following results emerged from the audits:

1. The employment relationship is voluntary
2. No discrimination in employment
3. No child labor
4. Freedom of association is guaranteed in every country, only some employees in some factories are members of trade unions
5. Collective bargaining in some countries is not available (e.g. Bulgaria)
6. The workers earn at level of living wage
7. No excessive working hours, working hours are within the limits of the law
8. Health and safety at work is guaranteed
9. Legally binding employment relationship is given in all factories

CORRECTIVE ACTION PLANS

All factories have remedied their deficits in the areas of occupational health and safety and submitted approval documents. Overtime was recorded in some companies, but this was within the legal limits. In all factories, energy consumption has fallen, and wages have increased.

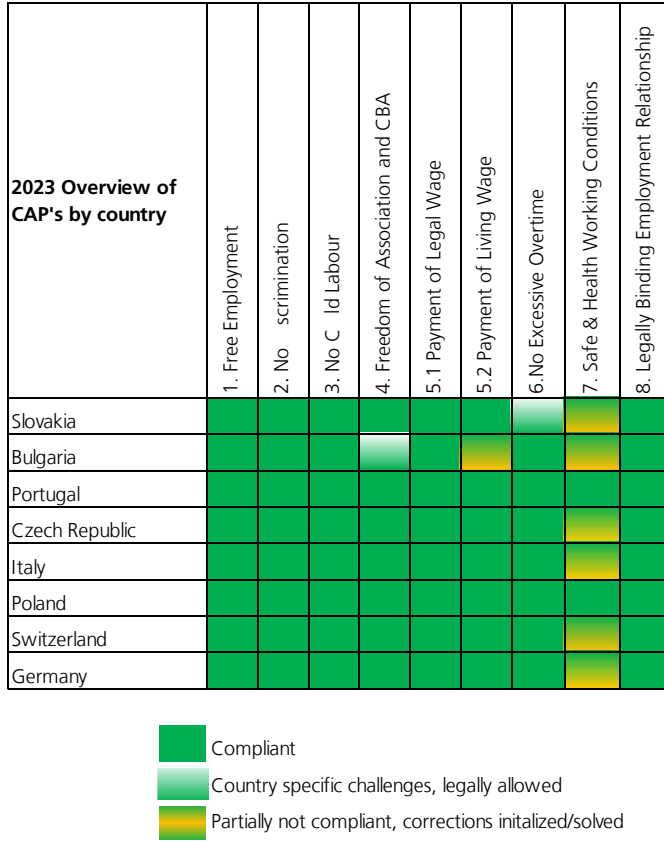


Figure 13: Corrective Action Plans by country

Measures

TRAINING AND CAPACITY BUILDING

Activities to inform staff members

As we are a member since 2012, FWF has been established as the norm for uniform procurement. All staff members are registered with the Fair Wear Force portal, so they receive periodical information from FWF. In 2023, two employees attended the FWF Academy in order to better implement the HRDD policy.

Activities to inform producers and workers

Intermediaries are trained on the Fair Wear Foundation's guidelines. As a result, Swiss Post is taking steps to make direct contact with the intermediaries' factories more often. We do not work with agencies. New production factories receive training before on-site assessments. Improvements are driven by a collaborative dialog with suppliers. These efforts include the following aspects:

- Swiss Post's expectations of suppliers and information regarding Swiss Post's Supplier Code of Conduct for Responsible Procurement and its importance in daily business
- Information on Fair Wear Foundation Labour Practices
- Information on health protection, workplace safety and overtime via ILO cartoons
- Respectful treatment of workers
- Ensuring the well-being of workers
- Communication, grievances and/or complaints mechanisms

EXTERNAL PRODUCTION

Swiss Post worked with three external suppliers in 2023. One supplier delivered very small quantities of tie pins, while the other two external suppliers were shoe and bag suppliers.

INFORMATION MANAGEMENT

Information about all conducted on-site assessments and implemented corrective action plans are stored on the FWF Member Hub. On-site assessments and training are carried out every three years during the period in which they produce our goods.

Stakeholder engagement and memberships

Swiss Post has various partnerships and is open for engagement. In 2023, there were no additional collaborations that focused specifically on the textile industry. Please visit our [website](#) to see all our partnerships.