



Clothing purchasing
report 2012

SWISS POST 

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1 _ Erica van Doorn (Director of Fair Wear Foundation) and Axel Butterweck (Head of Corporate Purchasing at Swiss Post) seal the contract with a handshake.

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EDITORIAL

Dear Sir or Madam

Swiss Post purchases 300,000 garments each year – mainly from Eastern Europe and Asia - for 38,000 employees. Our Social and Ethics Code has already prescribed minimum requirements for the protection of people and the environment for our suppliers since 2006.

But in the textile industry, it is difficult to monitor whether standards are actually being met: Long supply chains with many subcontractors and different regional laws to protect workers call for professional and independent partners on site. In order to safeguard our socially compatible production conditions, Swiss Post was the first major Swiss company to join the world-

wide Fair Wear Foundation on 13 June 2012. Swiss Post won the 2012 Swiss Ethics Prize for its commitment to the Fair Wear Foundation. We are particularly pleased about this prize because it honours our efforts of not reacting to external pressure and of committing ourselves to fair production conditions, out of conviction, and as a role model.

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.

You are holding in your hand the clothing purchasing report for our first year of membership with the Fair Wear Foundation. The report contains detailed information about how Swiss Post purchases clothing and inspects supplier operations and initiates improvement measures, where necessary, in cooperation with the Fair Wear Foundation and Better Work. We intend to create transparency through this report concerning the purchasing of clothing and the conditions on site in the factories. Marion Jülke and Secil Helg, responsible for purchasing clothing at Swiss Post, talk about their work on pages 9 and 10: You will get an insight into Swiss Post's production operations and other social commitments.

I hope that you find the report an interesting read. After all, transparency is still far from being a matter of course in the garment production industry.

Axel Butterweck
Head of Corporate Purchasing

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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.



The Fair Wear Foundation

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 organisations (NGOs) as equal partners in order to enforce minimum standards for the employees and promote transparency in the garment industry.

Local organisations 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.

Retrospective and outlook

During the first year, the membership with the Fair Wear Foundation led to a professional audit of the supplier operations in Eastern Europe and Asia. In 2013, Swiss Post will also assume its social responsibility beyond the borders of Switzerland.

2012

- Swiss Post informs its employees and clothing suppliers about its membership of the Fair Wear Foundation and publishes the announcement on the www.post.ch website.
- Swiss Post received the Swiss Ethics Prize 2012 for joining the Fair Wear Foundation. → [Page 13](#)
- All manufacturers were informed about the membership of the Fair Wear Foundation and the associated new working guidelines of the Code of Labour Practices → [Page 3](#).
- Swiss Post provided the Fair Wear Foundation with all of the reports on previous company audits and thus set the priorities for the new Fair Wear Foundation audits.
- Instead of the four planned audits, various organisations conducted **thirteen audits in 2012**: one audit was conducted by Better Work in Jordan, two were conducted by the independent quality auditor ULSTR, three were conducted by Swiss Post and seven by the Fair Wear Foundation → [Page 6](#). During the first year of membership, the purchasing volume with the thirteen audited companies amounted to more than **80 percent of the total purchasing volume for clothing**.
- The target for 2013 is to further implement the guidelines and methods of the Fair Wear Foundation and implement **corrective measures** that were agreed with supplier operations during the audit.
- Ten producers that have already been audited will be re-audited by Swiss Post in **2013** in order to determine whether they have implemented the pledged improvements.

2014

Code of Labour Practices of 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 organisation 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.

→ www.swisspost.ch/ethikkodex

→ www.post.ch/fairwear-code

Purchasing strategy

When purchasing clothing, Swiss Post's concern is that its employees are attired purposefully, attractively and uniformly. Sustainable relationships with suppliers are important in order to produce clothing in a socially acceptable manner.

Countries and prices

Swiss Post has a dual purchasing strategy, with each of one supplier per product group in Asia and Europe. Swiss Post purchases larger quantities once per year in Asia, while smaller quantities and customised uniforms are purchased several times a year in Eastern Europe. The specialists negotiate the prices with the vendors, and in doing so they ensure that they conform to the market and that the legally prescribed wages of the respective country are taken into account. To ensure that price negotiations take place on a fair basis, Swiss Post requires information from the Fair Wear Foundation regarding the various countries and their legal conditions.



A brief overview of the purchasing strategy

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 to local sourcing: Raw materials from the production region

Dual: for each product group, one supplier in Asia and in Europe

Economical: best value for money

Long lifetime: high quality of the garments

Producer relationships and selection criteria

Swiss Post attaches a great importance to cooperation with its producers. This is the only way in which a trusting and respectful relationship can be established. On average, cooperation currently lasts for 5.5 years. Swiss Post searches for new suppliers in a competition procedure. The following criteria are used for the selection of new suppliers and the evaluation of current suppliers:

- Are the required technologies and machinery available for the production?
- Does the supplier have the required know-how?
- Are the staff qualified?
- Are there appropriate quality standards?
- Is there sufficient capacity for producing the required number of units?
- Can timetables and deadlines be adhered to?
- Is the financial situation right?
- Does an environmental management system exist? (if possible, ISO 14001 certification)
- Does the producer agree to the Swiss Post Social and Ethics Code and does he pledge to comply with it?
- Does the producer agree to Fair Wear Foundation's Code of Labour Practices and does he pledge to comply with it?



Production and monitoring

Each year, 300,000 garments are produced in 24 factories - a challenge not only for purchasing and logistics, but also for monitoring the social standards.

Product groups and countries

Swiss Post provides its employees with 80 different types of garments: 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. The suppliers originate from Switzerland, the Czech Republic, Slovakia, Portugal, Poland, Bulgaria, Romania, Turkey, Jordan, China, India and Taiwan.

Production cycle

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 is one delivery date in the first half of the year and in Europe there are three, at the beginning of each February, May and August. Swiss Post anticipates a purchasing period of six months in China, five months in India, four months in Jordan and three to four months in Eastern Europe. In Eastern Europe, the delivery period can be reduced to two months, depending on the availability of the material. Minor changes to the garments are made each year.

PRODUCT GROUPS AND ORDER VOLUMES

Product group	Country	Order volume/units
Classic women's and men's suits	Jordan	27,450
	Slovakia	7,800
	Romania	3,650
Outdoor clothing	Slovakia	24,650
	China	6,050
	Bulgaria	1,700
Knitted goods	Turkey	44,700
	India	21,800
	Czech Republic	8,400
Casual trousers	Bulgaria	9,380
	China	17,900
Shirts, blouses	China	36,200
	Slovakia	13,000
Work clothing	Portugal	3,000
	China	11,100
	Taiwan	5,250
Accessories, belts, ties, caps, gloves	Switzerland	4,350
	China	17,500
	Poland	1,855
	Romania	1,200
Shoes	Switzerland	8,000

! Clothing production in **China** takes **six** months, in **India**, **five**, in **Jordan**, **four** and in **Eastern Europe**, **three to four** months.

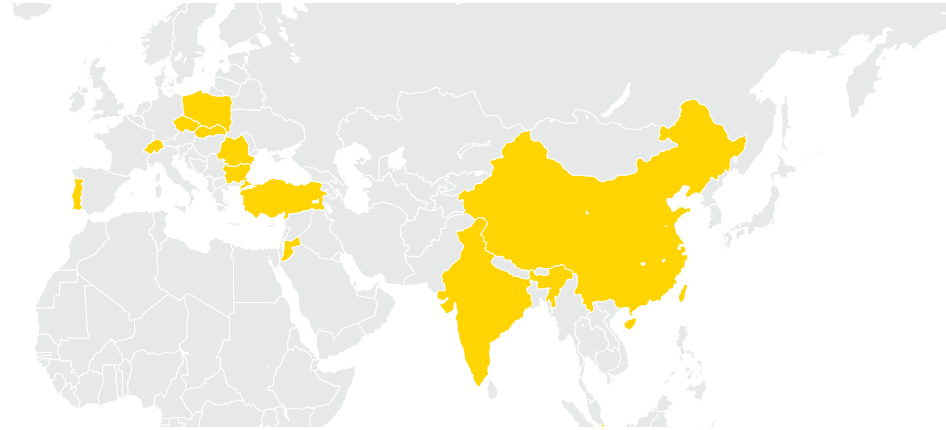
PRODUCTION PARTNERS AND AUDITS

Audit programme

Swiss Post has committed itself to audit 40 percent of its producers in the first year. In 2012, Swiss Post conducted 13 audits and therefore far exceeds the requirements of the Fair Wear Foundation, because altogether, the audited producers comprise more than 80 percent of the total clothing purchasing volume.

Production partners and audits

Continent	Country	Share of purchasing volume Swiss Post 2012 / %	Duration of cooperation / years	2012 audit	2013 audit
Europe	Bulgaria	7.8%	6	FWF	Re-audit
	Romania	0.3%	8	FWF	Re-audit
	Romania	1.9%	6	FWF	Re-audit
	Turkey	7.4%	>10	FWF	Re-audit
	Slovakia	3.1%	2	SwissPost	
	Slovakia	6.4%	>10	FLO Cert Bonn	
	Poland	1.1%	>10	UL STR	
	Switzerland	0.8%	>10	not audited	
	Slovakia	20.7%	2	SwissPost	
	Czech Republic	4.0%	4	SwissPost	
Middle East	Portugal	1.4%	>50	FLO / MaxHavelaar	
	Switzerland	12.5%	4	Third-party products	
	Jordan	12.0%	2	Betterwork	
Asia	Taiwan	0.7%	2	UL STR	Re-audit
	China	0.3%	3	FWF	Re-audit
	China	8.5%	7	FWF	Re-audit
	China	5.0%	7	SA 8000 certified	
	China	0.3%	2	FWF	Re-audit
	China	0.1%	6	BSCI audited	
	China	2.3%	2	Cooperation ended in 2012	
	India	0.1%	6	SA 8000 certified	
	China	0.6%	6	Cooperation ended in 2012	
	India	2.8%	3	Cooperation ended in 2012	
	China	approx. 3% 2013	new	FWF	



All manufacturers audited

Swiss Post already audited all of its suppliers in risk countries prior to joining the Fair Wear Foundation. Several of these manufacturers were also already audited by the Fair Wear Foundation. Instead of the four planned audits for 2012, Swiss Post conducted 13 audits. Seven audits were conducted by the Fair Wear Foundation and three by Swiss Post, which also audits in accordance with the Fair Wear Foundation guidelines. In all risk countries that cannot be covered by the Fair Wear Foundation audits, compliance with the Swiss Post Social and Ethics Code is audited by Better Work (ILO) or by the verification company, Testing and Inspection AG (UL STR). Better Work conducted audits in Jordan and UL STR conducted audits in Poland and Taiwan. For 2013, Swiss Post is planning seven re-audits to check the conditions imposed on the basis of the scheduled measures (corrective actions plans). In addition, three new production companies in Hungary and China will be included in the audit programme.

Clear policies for violations

If a manufacturer is not willing to accept the standards of the Fair Wear Foundation or if a company audit points out gross violations of the working policies, Swiss Post will cease to cooperate with the manufacturer concerned. However, Swiss Post will grant current suppliers a period of one year in order to improve their working conditions. In 2012, Swiss Post terminated its cooperation with a manufacturer in India, because it refused to sign the working policies of the Fair Wear Foundation. Swiss Post cancelled contracts with two other suppliers because of quality problems.

Results and improvement measures

In the audits conducted in six different countries, Swiss Post determined a total of 32 cases of non-compliance. Most of these related to wages, working hours, safety and health protection, as well as a legally binding employment contract. Most of these deficiencies were pinpointed in China. This is also where nearly one



MONITORING

Corrective action plans

If the Fair Wear Foundation determines deviations in the Code of Labour Practices in its audits, Swiss Post sets out corrective action plans with the relevant producers. The corrective action plans serve as a monitoring instrument by which the requirements of the Fair Wear Foundation are reviewed. The producer must provide evidence of progress with the measures at regular intervals.

Working Policies of the Fair Wear Foundation	Ascertainment of non-compliance						Improvement started					
	Taiwan	China	Jordan	Romania	Bulgaria	Turkey	Taiwan	China	Jordan	Romania	Bulgaria	Turkey
Forced labour	0	0	0	0	0	0	0	0	0	0	0	0
Discrimination	0	0	1	1	0	0	0	0	yes	pending	0	0
Child labour	0	0	0	0	0	0	0	0	0	0	0	0
Freedom of association and the right to collective bargaining	0	3	1	0	0	0	0	yes	yes	0	0	0
Living wages	1	3	0	1	1	1	pending	pending	0	pending	pending	pending
Adequate working hours	1	3	0	0	0	1	pending	pending	0	0	0	pending
Occupational safety and health protection	1	3	1	1	1	1	yes	yes	yes	yes	yes	yes
Legally binding employment relationship	1	2	0	1	1	1	yes	yes	0	pending	yes	yes

third of the suppliers are based there. Slovakia, the Czech Republic and Portugal comply with all working policies. The manufacturer in India produces for a member of the Fair Wear Foundation and has SA8000 certification, which means it does not need to be checked separately by Swiss Post. The audit has not yet been conducted in Poland. Therefore, these five countries are missing in the table.

In half of the cases, an improvement process has already been initiated. As Swiss Post is still in its first year as a member of the Fair Wear Foundation, none of the improvement processes have been completed yet. If non-compliance is determined during a Fair Wear Foundation audit, Swiss Post searches for possible improvement measures with the manufacturer. The aim is to implement these within six months. The Fair Wear Foundation then checks whether the situation has improved during a monitoring audit.

Forced labour and child labour

The audits in 2012 did not give any indication of forced labour or child labour.

Discrimination

In Jordan, foreign employees receive less pay than Jordanian employees. Therefore foreign employees there receive food and lodging for free in the amount of the difference. In Jordan, Better Work reached an agreement for foreign employees to receive more pay with increasing length of service. The wages of the seamstresses and sewers in the Romanian operation currently depends on whether they produce for high-price or low-price markets. Swiss Post is in negotiations with the management about wage adjustments.

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 is encouraging the suppliers' management to allow the formation 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



Complaint management

The Fair Wear Foundation displays its contact details at the premises of each of its members 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 organisations (NGOs) can contact this 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. So far, there have been no complaints in the factories in which Swiss Post produces.

many factories. During the coming year, Swiss Post is planning special advisory training on the subject of wages in nearly all of the risk countries, which will be conducted by the Fair Wear Foundation.

Adequate working hours

Overtime is a well-known problem in the garment industry: Fashionable clothing requires shorter delivery periods. Therefore, as determined in the audits, large amounts of overtime can be accumulated temporarily. However, the Swiss Post clothing is produced without overtime, as Swiss Post plans over the long term with its suppliers.

Occupational safety and health protection

The deficiencies 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 deficiencies, 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.

Complaint procedure

Employee complaints



Independent body



Fair Wear Foundation



Swiss Post



Supplier



Marion Jülke Project
Purchaser Clothing



Fair and ecological production: practices we are committed to.

INTERVIEW

Marion Jülke and Secil
Helg

© Philipp Zinniker

In the Corporate Purchasing department of Swiss Post, two Project Purchasers are responsible for buying clothing: Marion Jülke studied garment technology and business engineering and has many years of experience in the garment industry. Secil Helg has a degree in garment technology with further education in quality management and worked in Asia for twelve years. In 2013, she will be doing further training in the field of Corporate Social Responsibility.

What are the biggest challenges in clothing purchasing?

MJ: The employees should enjoy wearing their clothes. But they not only need to be practical, they must also continue to function in inclement weather and represent Swiss Post in a standardised manner. We need to deal with very different body shapes and with more than 100 nationalities, who all have their own personal preferences. Satisfying everyone with the same style of trousers is our biggest challenge.

Which obstacles do you encounter with the producers on site?

MJ: The cultural differences. We need to find a common language. Not English or French, that would be easy. No, we need to develop a common understanding for the production and our quality standards. The further away the production location is, the more difficult it becomes.

Ms Helg, you worked in Asia for a long time. Why?

SH: I wanted to know what it means to work there, to earn so little and nevertheless survive. My first wage amounted to 165 francs at that time and I needed to pay 150 francs for the rent. I only managed to survive thanks to savings.

Why does Swiss Post not produce its clothing in Switzerland?

SH: In the 1990s, the Swiss garment industry moved its production abroad. Today, there are only a few small manufacturers in Switzerland, who do not have sufficient capacities for the high volumes of Swiss Post.

You also conduct tests. What exactly is being tested?

SH: Before the clothing is produced, we test all of the fabrics each year, except for those with

a bluesign®certificate: With mechanical and physical tests, we check the colour fastness, as well as the resistance to wear and tear and the water impermeability using water tests. With AZO tests, we check the fabrics for harmful substances, so that no allergies are caused. These tests cost Swiss Post around 60,000 francs per year.

Why did Swiss Post join the Fair Wear Foundation?

MJ: It is important to us to know exactly where and how we produce. Swiss Post conducted audits itself and wanted to professionalise and legitimise this process. With the Fair Wear Foundation, we have found an independent and credible partner.

When is employment socially acceptable?

SH: When the employees in the factories work under humane conditions and their basic rights are respected. Adequate wages and social security are important. With their wages, employees should be able to finance three meals a day for themselves and their family, send the children to school, clothe themselves adequately and have a roof over their head. This living wage is usually above the legal minimum wage.

What about occupational safety? Are the producers willing to discuss this?

SH: It usually works well - but is quickly forgotten again. We always need to remind them. Otherwise, the rolls of fabric will be positioned in front of the emergency exit again and the safety devices on the machinery or fire extinguishers will be missing. These sound like trivial things, but if there is a fire, these regulations can save lives.

Does Swiss Post also observe ecological criteria when purchasing clothing?

MJ: The Swiss Post Social and Ethics Code sets requirements for the supplier's environmental management: Among other things, the environmental laws and regulations must be complied with at the manufacturing location. For the past 14 years, all of Swiss Post's fabric suppliers have been certified according to Oeko-Tex® Standard 100. In addition to this, more and more fabric manufacturers have the bluesign®certificate.

SH: We have been purchasing locally for many years. This means that we purchase the fabrics where they are processed and do not send them half way around the world. The maximum distance is 2,000 kilometres. If the fabric comes from Switzerland, it is processed in Eastern Europe. This way, we shorten delivery periods, reduce administrative effort and protect the climate through CO₂reduction.

Is climate protection also an issue?

MJ: Wherever possible, we pay attention to climate protection. For the production of a t-shirt made of 100 percent cotton, 15,000 litres of water are required. That is why we use material compositions that conserve resources.

SH: We pay attention to functionality and innovative, environmentally friendly materials. We also use fabrics that are produced from recycled PET bottles.

High quality standards with Swiss Post clothing



Fair Wear Foundation: Good working conditions



bluesign®: High environmental, healthcare and social standards



Oeko-Tex® Standard 100: Comprehensive tests for harmful substances



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Through our work, we also provide development aid.

.....
Secil Helg
Project Purchaser Clothing
.....

Training

In order to reinforce the sense of responsibility with all participants, Swiss Post relies on further education and training.

Measures by producers

Swiss Post informed the management in the factories in writing about Swiss Post joining the Fair Wear Foundation. On the basis of the audit results, Swiss Post prepares corrective action plans according to the requirements of the individual suppliers: For example, training courses are planned for 2013 on process improvement in production or on Corporate Social Responsibility. These training courses are conducted by the Fair Wear Foundation and financed by Swiss Post. The auditors of Better Work conduct regular meetings about the expectations for product quality, customer satisfaction and compliance with human rights.

The employees in the production locations learned about Swiss Post's membership of the Fair Wear Foundation by means of a poster in their national language placed on an information board. They were informed about their rights by means of the displayed working policies. The producers informed those employees verbally who cannot read and write. 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.

Better Work had cartoons produced for its employees in Jordan, through which they are familiarised with the subject of occupational safety work and accident prevention in an entertaining manner.

Swiss Post internal measures

Two employees in Corporate Purchasing are responsible for purchasing all of the Swiss Post clothing and for the Fair Wear Foundation project. Both of the persons responsible have many years of experience with internal and external audits. Furthermore, in 2013, Secil Helg will be undergoing further training in the field of Corporate Social Responsibility. Both employees constantly educate themselves further with trade literature and by comparing notes with specialists.

"With the Planet Post employee programme, Swiss Post is launching a group-wide awareness-raising programme on the subject of sustainability. Fair trade purchasing will be a core topic of the programme," says Nathalie Hürlimann, Project Manager for Sustainability. Swiss Post is planning various publications in its internal media, as well as a training module, for which the content will be provided by the Fair Wear Foundation.



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1 – Swiss Post also organises training courses on the subject of fair trade purchasing of clothing.

2 – Secil Helg conducts the audits for Swiss Post and advises the companies on site.
 © Philipp Zinniker

Active communication creates **transparency**

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 meetings are held on a regular basis between those responsible in Purchasing and Sustainability. 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.

Internal communication measures

The management and employees were informed about joining the Fair Wear Foundation and the awarding of the Ethics Prize by means of a notification about each on the Intranet. Two articles in "Die Post" employee newspaper explain the associated commitments of Swiss Post to stricter monitoring of social standards with its clothing suppliers.

External communication measures

Customers and the public were informed by means of the following measures:

- Article in the "magazin" customer newspaper in September 2012
- Press release in the relevant Swiss media
- Position paper on social responsibility on the www.swisspost.ch website
- Article in the Annual Report 2012
- Lectures on sustainability by Swiss Post

Outlook

As soon as sufficient audits have been conducted with the Fair Wear Foundation, the logo of the Fair Wear Foundation will be attached to the labels on the clothing. In addition, the Fair Wear Foundation membership will be mentioned in the clothing order letters to the employees. The next Clothing Purchasing Report 2013 will list additional internal and external measures.



1 _ The "Die Post" staff newspaper is printed on a monthly basis with a print run of 75,000 copies in three national languages.

2 _ In the "magazin" customer newspaper, Swiss Post publishes an article on joining the Fair Wear Foundation in September 2012.

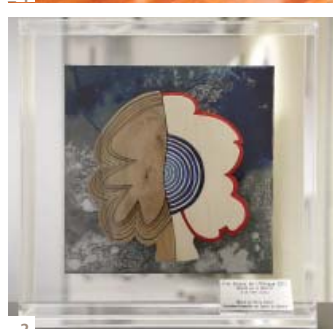
An outstanding cooperation

Swiss Post's commitment to fairly produced work clothing was honoured with the Swiss Ethics Prize in 2012.

In order to better monitor the production conditions of its clothing, Swiss Post decided in June 2012 to become the first major company in Switzerland to cooperate with the globally active, independent certification centre, the Fair Wear Foundation. Swiss Post received the Swiss Ethics Prize in 2012 for this decision.

The jury honoured Swiss Post's membership of the Fair Wear Foundation, because it showed an even stronger commitment than before to the monitoring of its clothing suppliers and ensuring sustainable implementation of socially responsible working conditions at the production locations in Eastern Europe and Asia. The eight-person jury, comprised people from the field of science, business, politics and non-governmental organisations, justified the selection based on the fact that Swiss Post's project made all of its personnel aware of sustainability – not just the employees wearing the Swiss Post clothing.

The Swiss Ethics Prize was launched in 2005 by the University of Engineering and Management of the Canton Vaud in Yverdon-les-Bains. Three companies or public organisations which have shown their commitment to sustainable development or social responsibility are awarded the prize each year. It is also intended to motivate other companies and organisations to invest more in these areas.



1 – The three winners of the Swiss Ethics Prize 2012: Swiss Post, la libellule association and Ou bien?! (left to right)
 © Daniel Hauri

2 – The Swiss Post Ethics Prize
 © Philipp Zinniker

Swiss Post lives up to its social responsibility

With numerous measures domestically and abroad, Swiss Post intends to taken on a leading role in social responsibility.



Diversity management

With its diversity management, Swiss Post promotes cooperation between people from the various linguistic regions and cultural circles, the reconciliation of work, family and leisure and the integration of people with disabilities.

The Corporate Purchasing department requires its suppliers to comply with the Social and Ethics Code and therefore also commits itself to social and ecological standards outside of its own organisation. By doing so, suppliers commit themselves to promoting equal opportunities, for example. Internally, Swiss Post leads by example: Executive Management has signed the seven principles of the UN Statement of Support for the Women's Empowerment Principles. These include the establishment of a management culture geared to equal opportunities, the promotion of training and professional development of women and respecting their dignity in marketing campaigns.

HR policy

Swiss Post generally practises a progressive HR policy, conducts open dialogue with its social partners and offers its employees opportunities for flexible retirement. At the same time, it sets great store by vocational training, continuing professional development and fostering young talent. Through its wide range of apprenticeships, it enabled around 750 young people to enter the professional world in 2012. In rural areas and mountainous regions, Swiss Post offers more than 20,600 jobs and therefore also safeguards its responsibility for regional policy.

Climate protection

As Switzerland's largest transport and logistics company, Swiss Post operates an energy-intensive business. That is why it pursues a sustainability strategy with a focus on climate protection. Swiss Post is reducing its energy consumption as much as possible and pursues a concrete CO₂ reduction target: It intends to reduce its annual CO₂ emissions by 15,000 tonnes

by the end of 2013. For this purpose, it is implementing the following measures, among others:

- Training the driving staff in eco-drive technology
- Replacing 7,500 petrol-powered scooters with electric-powered scooters by 2016.
- Promoting efficient building service systems and new builds in line with the Minergie standard

- Implementing optimisation programmes to utilise the maximum capacity of transport vehicles

Swiss Post sources 100 percent of its electricity from domestic, renewable energy sources and the 150 gas-powered vehicles exclusively use biogas. Since April 2012, Swiss Post has offset 100% of the CO₂ emissions for its domestic letter services, and in this way supports climate protection projects.

PARTNERSHIPS

Swiss Post networks with partners around the world that are committed to sustainability in terms of the environment, climate, the economy and society. It participates in initiatives and works with charitable organisations, foundations and associations.



Swiss Post has been committed to the WWF Climate Group since 2009 and will be continuing this commitment from January 2013 as a member of WWF Climate Savers, and thus undertakes to make a substantial contribution to climate protection. In accordance with its sustainability strategy with the focus on climate protection, Swiss Post has committed itself to offering eco-friendly products and services, promoting vehicles with alternative drive technologies and implementing other measures to reduce greenhouse gas emissions.



Swiss Post participates in the initiatives of PostEurop and the International Post Corporation (IPC). Together, international standards are set for the sector in order to cut the CO₂ emissions attributable to postal services. By 2020, the international postal sector intends to cut its CO₂ emissions by at least 20 percent compared with 2008 levels.



PostBus has signed the UITP Charter on Sustainable Development, which has the following aims: Reduction of environmental impacts and CO₂ emissions, achievement of social justice and promotion of economically sustainable transport systems.



Swiss Post supports postal organisations in developing countries, either directly or in close cooperation with the Universal Postal Union.



Swiss Post supports the Pro Patria and Pro Juventute foundations through the design and sale of their stamps. Pro Patria uses the surcharges mainly for cultural projects. Pro Juventute works to meet the needs and protect the rights of children and young people in Switzerland.



The staff restaurants at Swiss Post serve only coffee with the Fairtrade Max Havelaar label, and also stock other Fairtrade certified products. Thanks to Max Havelaar Fairtrade, small farmers can sell their coffee at fair prices, thereby improving their living conditions by their own efforts.



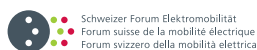
As a member of the Association for Environmentally Sound Energy (VUE), Swiss Post supports the promotion of renewable sources of energy and ecological energy products.



Green Freight Europe is a voluntary, independent initiative that aims to achieve more climate-friendly performance of road freight transport in Europe. Thanks to increased transparency in the reporting of greenhouse gas emissions, potential for improvements can be identified.



Through its membership in the Network for Sustainable Business (Öbu), Swiss Post participates in a think tank devoted to discussion of environmental, social and management issues. Öbu implements projects in business and politics and promotes the exchange of experiences between its members.



Swiss Post supports the coordination of various activities of the Congress of the Swiss Electromobility Forum, which are intended to lead to efficient, user-friendly and environmental electrification of road traffic in Switzerland.

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