



Brand Performance Check

Post CH AG

16-Jul-13

This report covers the evaluation period
June 2012 to December 2012

About the Brand Performance Check

Fair Wear Foundation believes that improving conditions for apparel factory workers requires change at multiple levels. Traditional efforts to improve conditions focus primarily on the factory. FWF, however, believes that the management decisions of the clothing brands have an enormous influence for good or ill on factory conditions.

FWF's Brand Performance Check is a tool to evaluate and report on the activities of FWF's affiliate members. The Checks examine how affiliate management systems support FWF's Code of Labour Practices.

In most apparel supply chains, clothing brands do not own factories, and most factories work for many different brands. This means that in most cases FWF affiliates have influence, but not direct control, over working conditions. As a result, the Brand Performance Checks focus primarily on verifying the efforts of affiliates. Outcomes at the factory level are assessed via audits and complaint reports, however the complexity of the supply chains means that even the best efforts of FWF affiliates cannot guarantee results.

Even if outcomes at the factory level cannot be guaranteed, the importance of good management practices by affiliates cannot be understated. Even one concerned customer at a factory can have significant positive impacts on a range of issues like health and safety conditions or freedom of association. And if one customer at a factory can demonstrate that improvements are possible, other customers no longer have an excuse not to act. The development and sharing of these types of best practices has long been a core part of FWF's work.

Improvement of supply chains is a step-by-step process, through which affiliates must address many different issues. FWF affiliates vary greatly in management structures, and have different strengths. The Performance Benchmarking system is designed to reflect these differences, and the many different ways that a company can support better working conditions.

During the Brand Performance Check, FWF staff speak to various employees at the affiliate who have important roles to play in the management of supply chains. FWF verifies the actions of affiliates based on several sources including documentation of activities, financial records, the affiliate's supplier register and staff interviews. Following the Brand Performance Check, FWF summarizes findings in this report, which is made public via www.fairwear.org. The FWF Performance Benchmarking Guide provides more information about the indicators and is available for download.

Brand Performance Check Details

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|---------------------------------|--|--|
| Date of Brand Performance Check | 16-Jul-13 | |
| Conducted by: | Stefanie Santila Karl | |
| Interviews with: | Hieronymus Rieder Secil Helg Marion Juelke Nathalie Huerlimann Benjamin Blaser David Aemmer | Executive Head Purchasing Project Buyer, CSR Project Buyer, CSR Communication, Project Manager Sustainab Issues Management Project Collaborator |

Scoring

Affiliate Benchmarking scores and Performance Benchmarking categories will be published starting in 2014. During 2013, FWF will be testing out the new system and evaluating the appropriate threshold levels for Benchmarking categories.

Post CH AG (hereafter Swiss Post)

2013 Brand Performance Check

| Affiliate Information | | |
|---|---|---|
| Headquarters: | Bern | Switzerland |
| Member Since: | June | 2012 |
| Product Types: | Workwear | |
| Production countries: | FWF Active Countries: Bulgaria, China, India, Poland, Portugal, Romania, Turkey Other countries: Czech Republic, Hungary, Jordan, Slovakia, Switzerland, Taiwan | |
| Basic Requirements | | |
| Workplan for this evaluation period was submitted? | Yes | Must be submitted before start of evaluation period |
| Projected supplier register for this evaluation was submitted? | Yes | Must be submitted before start of evaluation period |
| Actual supplier register for this evaluation period has been submitted? | Yes | Must be submitted after the end of the evaluation period. |
| Membership fee has been paid? | Yes | |
| All suppliers have been notified of FWF membership? | Yes | |
| Scoring Overview | | |
| % of suppliers under monitoring | 93% | |
| Summary | <p>Swiss Post meets FWF membership requirements of first year affiliation and goes far beyond some of them. Swiss Post, a federal authority, knows its supply chain very well and has started with great effort to audit production sites. All internal processes are very structured and detailed. First learnings from audit reports have straight away been integrated into new company policies. The CAPs are followed up in a detailed manner.</p> | |

Purchasing Practices

| Basic Measures | | Comments |
|---------------------------------------|-----|--|
| % of production in low-risk countries | 43% | Countries with relatively low risk of labour violations as defined by FWF. |

| Performance Indicators | Result | Relevance of Indicator | Documentation |
|--|--|--|---|
| 1.1 Percentage of production volume from suppliers where affiliate buys at least 10% of production capacity. | 13% | Affiliates with less than 10% of a factories' production capacity generally have limited influence on factory managers to make changes. | Supplier register provided by affiliate. |
| 1.2 Percentage of production volume from suppliers where a business relationship has existed for at least five years. | 50% | Stable business relationships support most aspects of the Code of Labour Practices, and give factories a reason to invest in improving working conditions. | Supplier register provided by affiliate. |
| | Comment: Swiss Post sources most of the products from intermediaries. The federal authority is in business relationship with some of its intermediaries and production sites already since more than 50 years. | | |
| 1.3 Labour conditions are considered when selecting new suppliers. | Yes | Including labour conditions considerations in selecting suppliers supports responsible business practices. | Documentation of decisionmaking process; e.g. checklists for buyers, emails, etc. |
| | Comment: All suppliers receive information on FWF membership when sampling at the new production starts. All new suppliers are either visited or audited and explicitly checked on compliance with regard to social standards at the beginning of cooperation. If obvious non-compliances are found and the factory management is not willing to sign the CoLP and work towards remediation, production does not start at this new production site for Swiss Post. | | |
| 1.4 All new suppliers are required to sign and return the Code of Labour Practices before first orders are placed. | Yes | The CoLP is the foundation of all work between factories and brands, and the first step in developing a commitment to improvements. | Signed CoLPs are on file. |

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| | <p>Comment: All suppliers receive information on FWF membership already when sampling at a new production sites starts. When the decision is taken to produce at the new supplier, the CoLP has to be signed. Without this signature, production is not started. Aside the CMT process, Swiss Post also requests the supplier to be transparent with regard to further steps down the supply chain. Requirement: In some cases of existing suppliers, the intermediary signed and the signature of the production site is missing. Swiss Post must ensure that the CoLP is signed by the production/supplier.</p> | | |
| 1.5 Company conducts audits at all new suppliers before placing orders. | Yes | An important due diligence step. Before placing production orders, affiliates should conduct an audit at all new suppliers to assess risks for CoLP violations. | Audit documentation; must meet FWF audit quality standards. |
| | <p>Comment: Swiss Post started auditing new production sites in 2002. The federal authority differentiates between production sites in low- and high-risk countries (defined by FWF). In high-risk countries, either a new audit is conducted or existing audit reports are collected and discussed with the management of the production site. In low-risk countries, Swiss Post conducts an own audit done by Swiss Post staff (please see monitoring comments for details on Swiss Post Audits).</p> | | |
| 1.6 Affiliate sources from an FWF factory member. | Yes | When possible, FWF encourages affiliates to source from FWF factory members. The small number of factories in the programme means sourcing from FWF factory members cannot be a requirement. | Supplier register provided by affiliate. |
| | <p>Comment: Production at a FWF factory member started in December 2012 after the FWF factory member approach Swiss Post with an offer for production.</p> | | |
| 1.7 Percentage of production volume from factories owned by the affiliate. | 0% | Owning a supplier provides clear accountability for and direct influence over working conditions. It reduces the risk of unexpected CoLP violations. | Supplier register provided by affiliate. |
| | <p>Recommendation: FWF supports direct ownership of suppliers. Owning a supplier provides clear accountability for and direct influence over working conditions. It reduces the risk of unexpected CoLP violations.</p> | | |
| 1.8 Supplier compliance with Code of Labour Practices is evaluated in a systemic manner. | Yes, and performance improvement is rewarded | A systemic approach is required to integrate social compliance into normal business processes, and supports good decisionmaking. | Documentation of systemic approach: rating systems, checklists, databases, etc. |

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| | <p>Comment: Supplier compliance with Code of Labour Practices is evaluated twice a year with the top management. The two CSR responsible prepare a list naming all suppliers. The list includes: audit results, wages at the production site, risk analysis with regard to non-compliance on social standards, recommendation on how to proceed with the supplier, cost in case the risk is considered high and production needs to be reallocated to another production site.</p> <p>The Performance is rewarded with extra orders. Swiss Post started to consolidate its supplier base on core suppliers which are producing in either low-risk countries or take adequate steps implementing findings from audit reports. Swiss Post terminated business relationship with production sites which were not willing to cooperate and start implementing findings from audit reports or did not want to sign the CoLP.</p> | | |
| <p>1.9 The affiliate's production planning systems support reasonable working hours.</p> | <p>General system</p> | <p>Affiliate production planning systems can have a significant impact on the levels of excessive overtime at factories.</p> | <p>Documentation of robust planning systems.</p> |
| | <p>Comment: The suppliers are informed about production for Swiss Post in August for the coming year. Swiss Post informs the production sites on what materials to source and where to source them from (in most cases). Production sites in Asia are requested one delivery date (in March/April), production sites in Europe are offered three delivery dates (in February/March, May and August/September). Suppliers are requested to order the materials and Swiss Post ensures to cover the cost for the materials. At a later stage, the supplier is informed on how many pieces to produce in what size. Swiss Post seldomly has style changes. Usually production for one article goes on for several seasons of production.</p> | | |
| <p>1.10 Percentage of production volume from suppliers where excessive overtime is found by FWF.</p> | <p>43%</p> | <p>Excessive overtime is one of the most common labour rights violations in high-risk production countries. It is often caused by poor production planning by brands.</p> | <p>Audits conducted by FWF auditors; Complaints filed via the FWF worker helpline.</p> |
| | <p>Comment: All audit reports from production sites in China showed excessive overtime at the production site while excessive overtime did not occur in factories audited in Bulgaria and Romania.</p> <p>Requirement: The affiliate has to take adequate steps to reduce excessive overtime at the production sites in China. A root cause analysis could help why overtime occurs in China and not in the other production countries. FWF can be of help if requested.</p> | | |
| <p>1.11 Degree to which affiliate analyses and mitigates root causes of excessive overtime, if found.</p> | <p>Reactive Approach</p> | <p>Affiliate production planning systems can have a significant impact on the levels of excessive overtime at factories.</p> | <p>Examples of root cause analyses and resulting changes in production planning/policy.</p> |
| | <p>Comment: Swiss Post uses existing audit reports to analyse and hours of work at production site level. If overtime is found, Swiss Post agrees on a strategy with the supplier to reduce the hours of work. In several production sites, Swiss Post has a low leverage which is challenging to work effectively on reasonable working hours.</p> <p>Requirement: The affiliate should investigate to what extent its buying practices influences the working hours at supplier level. A root cause analysis should be done to investigate which steps can be most effective to reduce overtime.</p> <p>Recommendation: Swiss Post is recommended to cooperate with other customers of the production sites on reasonable working hours in case the leverage at the production site is too low.</p> | | |

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| <p>1.12 Affiliate's pricing policy allows for payment of at least the legal minimum wages in production countries.</p> | <p>Affiliate can demonstrate a pricing policy based on country level data. Minimum wage levels are known by affiliate in all production countries.</p> | <p>The first step towards ensuring the payment of minimum wages - and towards implementation of living wages - is to know the labour costs of garments.</p> | <p>Formal systems to calculate labour costs on per-product or country/city level.</p> |
| <p>Comment: With each product, Swiss Post knows the share of e.g. production cost, transport, customs, etc. Swiss Post also conducted a wage analysis taking FWF wage ladders and benchmarks towards higher wages into account. Requirement: The affiliate needs to develop a pricing policy where the affiliate knows the labour cost of garments and which allows the payment of at least legal minimum wages in production countries.</p> | | | |
| <p>1.13 Affiliate actively responds if suppliers fail to pay legal minimum wages.</p> | <p>Yes</p> | <p>If a supplier fails to pay minimum wage, FWF affiliates are expected to hold management of the supplier accountable for respecting local labour law.</p> | <p>Complaint reports, CAPs, additional emails, FWF audit reports or other documents that show minimum wage issue is reported/resolved.</p> |
| <p>Comment: Payment below minimum wage was found at the production site audited in Bulgaria. A roadmap to ensure that at least minimum wages are paid is agreed upon with the production site. Requirement: If a supplier fails to pay minimum wages, FWF affiliates are expected to hold management of the supplier accountable for respecting local labour law.</p> | | | |
| <p>1.14 Evidence of late payments to suppliers by affiliate.</p> | <p>No</p> | <p>Late payments to suppliers can have a negative impact on factories and their ability to pay workers on time. Most garment workers have minimal savings, and even a brief delay in payments can cause serious problems.</p> | <p>Based on a complaint or audit report; review of factory and affiliate financial documents.</p> |
| <p>Comment: None of the audit reports showed evidence of late payments to suppliers by Swiss Post.</p> | | | |
| <p>1.15 Degree to which affiliate assesses root causes of wages lower than living wages with suppliers.</p> | <p>Factory level approach</p> | <p>Sustained progress towards living wages requires adjustments to affiliates' policies.</p> | <p>Wage ladders, correspondance with supplier, other relevant documentation.</p> |

Comment: Swiss Post assessed wage benchmarks and payment to workers at all production sites. Due to this analysis, Swiss Post became to know the supplier which is paying the lowest wages in comparison to living wage estimates. It is planned to have this production site in a pilot project to work on higher wages. Swiss Post has already raised the order amount at this production site (more than double) to have higher leverage and also to have more stable production at the side.

Requirement: Affiliate is expected to take an active role in discussing living wages with its suppliers. The FWF wage ladder can be used as a tool to implement living wages. Most relevant wage estimates, such as local minimum wage, Asia Floor Wage, collective bargaining wage and industrial best practice wages are provided in the wage ladder. The wage ladder is included in FWF's audit reports. It demonstrates the gaps between workers' wages at a factory and living wages demanded by major stakeholders. The wage ladder can be used to document, monitor, negotiate and evaluate the improvements at its suppliers.

Purchasing Practices Comments:

Swiss Post has decided in 2012 to limit their number of production sites to core suppliers. This will be followed upon in 2013.

Some of Swiss Post's suppliers for materials and e.g. zippers are specified by Swiss Post to the supplier. Most of the materials used in the production of Swiss Post articles are Blue Sign certified.

Monitoring & Remediation

| Basic Measures | | Comments |
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| % of own production under monitoring | 93% | Measured as a percentage of turnover. |
| Minimum monitoring threshold based on years of membership: | 40% (meets threshold) | 1 year: 40%; 2 years 60%; 3 years+: 90% |

| Performance Indicators | Result | Relevance of Indicator | Documentation |
|---|---|---|---|
| 2.1 Specific staff person is designated to follow up on problems identified by monitoring system. | Yes | Followup is a serious part of FWF membership, and cannot be successfully managed on an ad-hoc basis. | Manuals, emails, etc., demonstrating who the designated staff person is. |
| | Comment: Swiss Post has two persons responsible for compliance and monitoring system. Both are at the same time responsible for sourcing. | | |
| 2.2 Degree of progress towards resolution of existing Corrective Action Plans. | An in-depth effort has been made to address most or all CAPs | FWF considers efforts to resolve CAPs to be one of the most important things that affiliates can do towards improving working conditions. | Documentation of remediation and followup actions taken by affiliate. |
| | Comment: Audit reports have been immediately followed up closely with the supplier. This This is the case for both FWF audit as well as external existing audit reports. Suppliers have to respond actively to Swiss Post on remediation processes either via phone, email or during regular visits at the production sites. FWF will verify improvements made in 2013. | | |
| 2.3 Percentage of production volume from suppliers that have been visited by the affiliate in the past financial year. | 70% | Formal audits should be augmented by annual visits by affiliate staff or local representatives. They reinforce to factory managers that affiliates are serious about implementing the Code of Labour Practices. | Affiliates should document all factory visits with at least the date and name of the visitor. |
| | Comment: A new policy foresees more regular visits at the production sites has been developed in 2012 but will come into force in 2013. | | |

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| <p>2.4 Existing audit reports are collected.</p> | <p>Yes, quality assessed and corrective actions implemented</p> | <p>Existing reports form a basis for understanding the issues and strengths of a supplier, and reduces duplicative work.</p> | <p>Audit reports are on file; evidence of followup on prior CAPs. Reports of quality assessments.</p> |
| <p>Comment: Existing audit reports and certificates are collected and cross checked with the organisation that conducted the audit whether the report is real or fake. Audit reports are followed up closely via email and during visits at the production site. The audit quality assessment tool was used initially but not with all audit reports but staff has detailed knowledge about social standards and reports and what organisations do and lack. Swiss Post and FWF only count audit reports in good quality towards the monitoring threshold.</p> | | | |
| <p>2.5 Audit Report and Corrective Action Plan (CAP) findings are shared with factory. Improvement timelines are established in a timely manner.</p> | <p>Yes</p> | <p>FWF audit reports should be shared and discussed with suppliers within two months of audit receipt. Timely sharing of information and agreement on corrective actions is essential for improvement. A reasonable time frame should be specified for resolving findings.</p> | <p>Corrective Action Plans, emails; findings of followup audits; brand representative present during audit exit meeting, etc.</p> |
| <p>2.6 A structured approach is used to address issues that occur at multiple suppliers.</p> | <p>No</p> | <p>Issues that occur in multiple factories often need to be addressed in a systemic manner, especially when the root causes are located in brand management choices or from regionally specific issues (e.g. fire safety, gender discrimination and harassment).</p> | <p>Documentation of a systemic approach: root cause analyses, productivity assessments, guidance documents, internal system changes, etc.</p> |
| <p>Recommendation: FWF suggests that the affiliate analyses whether findings from a factory audit could occur at other suppliers as well. This will lead to a preventive approach where issues are addressed in a systematic manner. The analysis should focus on own brand practices as well as regional or country specific issues (such as fire safety or gender discrimination).</p> | | | |
| <p>2.7 Affiliate cooperates with other customers in resolving corrective actions at shared suppliers.</p> | <p>Information Sharing</p> | <p>Cooperation between customers increases leverage and chances of successful outcomes. Cooperation also reduces the changes of a factory having to conduct multiple Corrective Action Plans about the same issue with multiple customers.</p> | <p>Shared CAPs, evidence of cooperation with other customers.</p> |
| <p>Comment: Swiss Post has started information sharing with a production site where two other FWF affiliates are sourcing as well.</p> | | | |
| <p>2.8 Monitoring requirements are fulfilled for production in low-risk countries.</p> | <p>Yes</p> | <p>Low risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with basic standards.</p> | <p>Documentation of visits, notification of suppliers of FWF membership; posting of worker information sheets, completed questionnaires.</p> |

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| | Comment: Swiss Post does not differentiate between low- and high-risk when it comes to visits, notification of suppliers of FWF membership, posting of worker information sheets and completing the questionnaires. | | |
| 2.9 External brands resold by the affiliate who have completed and returned the external brand questionnaire. (% of external sales volume) | 100% | FWF believes it is important for affiliates that have a retail/wholesale arm to at least know if the brands they resell are members of FWF or a similar organisation, and in which countries those brands produce goods. | Questionnaires are on file. |
| 2.10 External brands resold by affiliates that are members of another credible initiative. (% of external sales volume) | 1% | FWF believes affiliates who resell products should be rewarded for choosing to stock external brands who also take their supply chain responsibilities seriously. | Supplier register; Documentation of sales volumes of products made by FWF or FLA members. |
| | Comment: Swiss Post uses only few external suppliers. One of the external suppliers is affiliated to FWF. Swiss Post already started investigating how to increase the number of external suppliers affiliated with FWF. | | |

Monitoring Comments:

Swiss Post conducts so called "Swiss Post Audits" in FWF defined low-risk countries. Staff of Swiss Post with long experience at production sites and also an in-depth knowledge about working conditions at the production sites uses FWF auditor documents to get to know the situation at the production sites better. If the person does not speak the local language, a translator is used. Swiss Post Audits include interviews with management and workers (on-site), document's inspection and health and safety check. During Swiss Post Audits, workers are also informed about FWF and the CoLP. After the Swiss Post Audit, a summary of findings and risks is discussed with top management and pictures are shown.

Complaints Handling

| Basic Measures | | Comments |
|---|-----|--|
| Number of worker complaints received since last check. | 0 | At this point, FWF considers a high number of complaints as a positive indicator, as it shows that workers are aware of and making use of the complaints system. |
| Number of worker complaints in process of being resolved. | N/A | |
| Number of worker complaints resolved since last check. | N/A | |

| Performance Indicators | Result | Relevance of Indicator | Documentation |
|---|--|--|--|
| 3.1 A specific employee has been designated to address worker complaints. | Yes | Followup is a serious part of FWF membership, and cannot be successfully managed on an ad-hoc basis. | Manuals, emails, etc., demonstrating who the designated staff person is. |
| | <p>Comment: Both CSR staff at Swiss Post are responsible for handling complaints. They have shared the production sites among each other and responsibility for a complaint depends on the responsibility for the supplier.</p> <p>Recommendation: Although Swiss Post did not receive a complaint yet, FWF recommends to set up an internal procedure on how to effectively solve a complaint in case a complaint is filed.</p> | | |
| 3.2 System exists to check that the Worker Information Sheet is posted in factories. | Yes | The Worker Information Sheet is a key first step in alerting workers to their rights. | Photos by company staff, audit reports, checklists from factory visits, etc. |
| | <p>Comment: Every supplier has to confirm in writing that the CoLP is posted and has to send pictures of the posted CoLP. Whether the CoLP is posted is checked during factory visits. This procedure was newly established end of 2012 after several audit reports have shown that the CoLP was not hung up (see indicator 3.3).</p> | | |

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| <p>3.3 Percentage of audited factories where at least half of workers are aware of the FWF worker helpline.</p> | <p>43%</p> | <p>The FWF complaints procedure is a crucial element of verification. If factory-based complaint systems do not exist or do not work, the FWF worker helpline allows workers to ask questions about their rights and file complaints.</p> | <p>Percentage of audited factories where at least 50% of interviewed workers indicate awareness of the FWF complaints mechanism.</p> |
| <p>Comment: In 4 out of 7 production sites, the factory management did not inform the workers on the CoLP and FWF hotline. FWF affiliate has already changed internal procedures to check the posting of the CoLP (see indicator 3.2).</p> | | | |
| <p>3.4 All complaints received from factory workers are addressed in accordance with the FWF Complaints Procedure.</p> | <p>Not applicable</p> | <p>Involvement by the FWF affiliate is crucial in resolving a complaint at a supplier.</p> | <p>Documentation that affiliate has completed all required steps in the complaints handling process.</p> |
| <p>3.5 Cooperation with other customers in addressing worker complaints at shared suppliers</p> | <p>Not applicable</p> | <p>Because most factories supply several customers with products, involvement of other customers by the FWF affiliate can be critical in resolving a complaint at a supplier.</p> | <p>Documentation of joint efforts, e.g. emails, sharing of complaint data, etc.</p> |

Complaints Comments

Training & Capacity Building

| Performance Indicators | Result | Relevance of Indicator | Documentation |
|---|---|--|--|
| 4.1 Staff at affiliate is made aware of FWF membership requirements. | Yes | Preventing and remediating problems often requires the involvement of many different departments; making all staff aware of FWF membership requirements helps to support cross-departmental collaboration when needed. | Emails, trainings, presentation, newsletters, etc. |
| | Comment: Staff of Swiss Post is informed via intranet, press releases and a company's magazine. Swiss Post faces the challenge of a huge federal authority with many employees. | | |
| 4.2 Advanced training is provided to staff in direct contact with suppliers on CoLP requirements. | Yes | Sourcing, purchasing and CSR staff at a minimum should possess the knowledge necessary to implement FWF requirements and advocate for change within their organisations. | FWF Seminars or equivalent trainings provided; presentations, curricula, etc. |
| | Comment: At Swiss Post only two purchasers are in contact with the suppliers. Both are also responsible for FWF requirements. | | |
| 4.3 Agents are informed of CoLP requirements and act to support their implementation. | Yes, and agents actively support implementation of the CoLP | Agents have the potential to either support or disrupt CoLP implementation. It is the responsibility of affiliate to ensure agents actively support the implementation of the CoLP. | Correspondence with agents, trainings for agents, FWF audit findings. |
| | Comment: Agents are informed about FWF CoLP and work together with Swiss Post on the implementation of social standards at the production sites. | | |
| 4.4 Factory participation in Workplace Education Programme (where WEP is offered; by production volume). | 0% | Lack of knowledge on best practices related to labour standards is a common issue in factories. Good quality training of workers and managers is a key step towards sustainable improvements. | Documentation of relevant trainings; participation in Workplace Education Programme. |
| | <p>Comment: Swiss Post concentrated in 2012 on audits to know the status of compliance on social standards at each factory. Swiss Post started first discussions with suppliers to join WEP in 2013.</p> <p>Recommendation: The affiliate is recommended to enrol a number of its suppliers in FWFs Workplace Education Programme (WEP), which offers trainings factories producing for FWF members. WEP trainings contribute to social dialogue between workers and management. The introductory training of WEP builds awareness of labour standards and strengthens dispute handling mechanisms. It is made available to FWF members free of charge.</p> | | |

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| <p>4.5 Factory participation in trainings (where WEP is not offered; by production volume).</p> | <p>20%</p> | <p>In areas where the Workplace Education Programme is not yet offered, affiliates may arrange trainings on their own. Trainings must meet FWF quality standards to receive credit for this indicator.</p> | <p>Curricula, other documentation of training content, participation and outcomes.</p> |
| <p>Comment: At one production site trainings were given by ILO Better Work in 2012/2013. Several training sessions to the management and workers (especially the worker committee) were conducted, making a total of 3.5 training days.</p> | | | |

Training & Capacity Building Comments

Information Management

| Performance Indicators | Result | Relevance of Indicator | Documentation |
|--|--------|--|---|
| 5.1 Supplier register for the previous financial year is verified as being complete and accurate. | Yes | Any improvements to supply chains require affiliates to first know all of their suppliers. | Completed supplier register; Financial records of previous financial year. |
| 5.2 A system exists to allow purchasing, CSR and other relevant staff to share information with each other about working conditions at suppliers. | Yes | CSR, purchasing and other staff who interact with suppliers need to be able to share information in order to establish a coherent and effective strategy for improvements. | Internal information system; status CAPs, reports of meetings of purchasing/CSR; systematic way of storing information. |
| Comment: Two purchasers are in contact with the suppliers with regard to everything (also financials etc). Both purchasers are responsible for social standards and implementation of FWF. | | | |

Information Management Comments:

Transparency

| Performance Indicators | Result | Relevance of Indicator | Documentation |
|---|--|---|---|
| 6.1 Communication about FWF membership adheres to the FWF communications policy. | Yes | FWF membership should be communicated in a clear and accurate manner. FWF guidelines are designed to prevent misleading claims. | Logo is placed on website; other communications in line with policy. Affiliates may lose points if there is evidence that they did not comply with the communications policy. |
| | Comment: The website of Swiss Post does not easily allow customers to find out about social compliance. But all information is there once found. | | |
| 6.2 Affiliate engages in advanced reporting activities. | No | Good reporting by members helps to ensure the transparency of FWF's work and shares best practices with the industry. | Affiliate publishes one or more of the following on their website: Brand Performance Check, Audit Reports, Supplier List. |
| 6.3 Social Report is submitted to FWF and is published on affiliate's website | Published on affiliates website | The Social Report is an important tool for brands to transparently share their efforts with stakeholders. | Report adheres to FWF guidelines for Social Report content. |

Transparency Comments:

Due to the FWF membership, Swiss Post was awarded the Swiss Ethics Award 2012. Swiss Post is the first Swiss large-scale enterprise to join an initiative such as FWF which is why Swiss Post received the award.

Evaluation

| Performance Indicators | Result | Relevance of Indicator | Documentation |
|---|--|---|--|
| 7.1 Systemic annual evaluation of FWF membership is conducted with involvement of top management. | Yes | An annual evaluation involving top management ensures that FWF policies are integrated into the structure of the company. | Meeting minutes, verbal reporting, Powerpoints, etc. |
| | Comment: FWF membership is evaluated twice a year with top management discussing steps with FWF and details about compliance at each supplier. | | |
| 7.2 Percentage of required changes from previous Brand Performance Check implemented by affiliate. | Not applicable | In each Brand Performance Check report, FWF may include requirements for changes to management practices. Adherence to these requirements is an important part of FWF membership. | Affiliate should show documentation related to the specific requirements made in the previous Brand Performance Check. |
| | Comment: This is Swiss Post's first Brand Performance Check. | | |

Evaluation Comments:

Comments to FWF

This area provides an opportunity for affiliates to provide feedback to FWF.

Appendix 1: FWF Audit Finding Summary by Country

This chart summarizes the number of time each finding was reported during an FWF Audit in each country.

| | Bulgaria | China | Romania | Turkey |
|---|---|----------|--|----------|
| Total Number of Audits: | 1 | 3 | 2 | 1 |
| Standard Findings | | | | |
| Sourcing practices | | | | |
| According to the supplier the prices of the affiliate do not support the payment of living wages. | | 1 | | |
| No areas for improvement | 1 | 2 | 2 | 1 |
| Monitoring system | | | | |
| The FWF affiliate has not provided FWF Code of Labour Practices to the factory. | | 2 | 1 | |
| No areas for improvement | | 1 | | 1 |
| Other | 1: The factory is not aware of a monitoring system of Swiss Post. | | 1: Factory was not explained the purpose of the audit. 1: The factory was audited several times by several customers but management does not understand the meaning and consequences of the FWF audit and corrective action plan. | |

| Management system of factory to improve working conditions | | | | |
|--|---|--|---|---|
| The factory has not posted the Code of Labour Practices in local language with the contact details of the local complaints handler at an easily accessible location for workers. | | | 1 | |
| The factory has not informed the FWF affiliate about subcontracting. | | 1 | | |
| The factory does not have a system to gather information about social compliance and improve its compliance status. | | | 1 | |
| No areas for improvement | | 1 | | 1 |
| Other | 1: Management states that they are not in the position to improve working conditions at the moment. | 2: Factory subcontracts to other factory; yet the subcontractor is not informed of FWF Code of Labour Practices. | 1: The factory did not share the previous audit report conducted by FWF with the FWF members. | |
| Communication and consultation | | | | |
| Management has not informed workers actively about the FWF Code of Labour Practices and / or relevant national or local legislation. | | 3 | 1 | |
| There is no effective internal grievance mechanism in place. | 1 | 3 | 2 | 1 |
| There are no democratically elected workers' representatives. | 1 | | | |
| Other | | 1: Workers are not trained on PRC Labour Law. | | |

| Employment is freely chosen | | | | |
|---|---|---|--|---|
| No areas for improvement | 1 | 2 | 2 | 1 |
| No discrimination in employment | | | | |
| Factory does not have a written policy regarding discrimination | | | 1 | |
| Discrimination against a number of workers is found. Discrimination addressed: <i>Please specify:</i> | | | 1: Management admits "wage discrimination". Workers producing for a client who offers lower prices receive by the end of the month slightly lower wages (they are paid by piece rate) then the workers, who produce for another client offering higher prices. | |
| No areas for improvement | 1 | 3 | | 1 |
| Other | | | 1: Workers and management are not aware of the meaning of "discrimination". | |
| No exploitation of child labour | | | | |
| No areas for improvement | 1 | 3 | 2 | 1 |
| Freedom of association and the right to collective bargaining | | | | |
| There is no independent workers' organisation or union, which is run by workers without management's involvement. | 1 | 3 | | |
| No areas for improvement | | | | 1 |

| | | | | |
|--|---|--|--|---|
| Other | | 2: Policy with regard to freedom of association is not enacted/does not exist. | 1: Workers are not aware about representatives, CBA exists but workers are not aware of the content. 1: The factory is a cooperative and the role of the Workers Representatives is played by the Social Council. Still the activity of this Council is quite formal and the members are not aware about their rights and responsibilities. | |
| Payment of a living wage | | | | |
| Workers are paid below minimum wage. | 1 | | | |
| Workers do not understand how wages are calculated | | | 1 | |
| The factory is not transparent regarding wage records. | | 1 | | 1 |
| Wages are below living wage level as estimated by local stakeholders. | 1 | 2 | 2 | 1 |
| The factory does not pay leaves and benefits to workers according to legal requirements. | | 2 | | |
| The factory does not pay overtime premium to workers according to legal requirements. | | 1 | 1 | |
| Reasonable hours of work | | | | |
| The factory is not transparent regarding overtime records. | | 1 | | 1 |

| | | | | |
|---|----------|--|----------|--|
| <p>Excessive overtime was found: <i>please specify:</i></p> | | <p>1: Audit team found that the monthly overtime hours were around 80 hours, which was more than the legal requirements of 36 hours/month.</p> <p>1: Audit team finds that the monthly overtime hours are 100 or more hours, which is more than the legal requirements of 36 hours/month.</p> <p>1: Monthly overtime hours were from 56 hours up to 76 hours, which was in excess of the legal requirement of 36 hours per month.</p> <p>1: Consecutive working days for workers were from 13 up to 31 days as per review of attendance records of Oct, Sept and Aug 2012.</p> | | |
| <p>No areas for improvement</p> | <p>1</p> | | <p>2</p> | |
| <p>Other</p> | | | | <p>1: Pregnant worker has been working 9 hours per day regularly as the other workers did.</p> |

| Safe and healthy working conditions | | | | |
|---|--|---|--|--|
| Critical/minor issues regarding fire safety are found | 1 | 3 | 2 | 1 |
| Critical/minor issues regarding chemical safety are found | | 1 | | 1 |
| Critical/minor issues regarding machine safety are found | | 1 | 1 | 1 |
| Critical/minor issues regarding ergonomics are found | | 3 | 1 | |
| Noise, ventilation, temperature and lightening do not comply with legal requirements. | | 2 | | |
| Other | 1: No workers' committee on H&S. 1: Documents partly missing. | 2: Not sufficient staff trained on first aid 2: Some documents are missing. 1: No drinking water was available in the production areas. | 2: Not sufficient staff trained on first aid. 1: Lot's of documents missing. 1: No soap and toilet paper at the toilet. 1: No formal workers' committee on H&S. | 1: There was no H&S committee established in the factory. 1: There is no contractor doctor or enough first aid staff. 1: No accident register. |
| Legally binding employment relationship | | | | |
| Not all social security or insurance fees are paid | | 2 | | 1: Inconsistency in documents. |
| Individual personnel files are incomplete | 1 | | 1 | 1 |
| No areas for improvement | | 1 | | |
| Other | | | 1: Working contracts of non-fixed period of time workers missing. 1: The Internal Regulation is incomplete. | |