

**SWISS POST IS RIGHT HERE.  
FOR EVERYONE.**  
ANNUAL REPORT  
2018



**SWISS POST** 

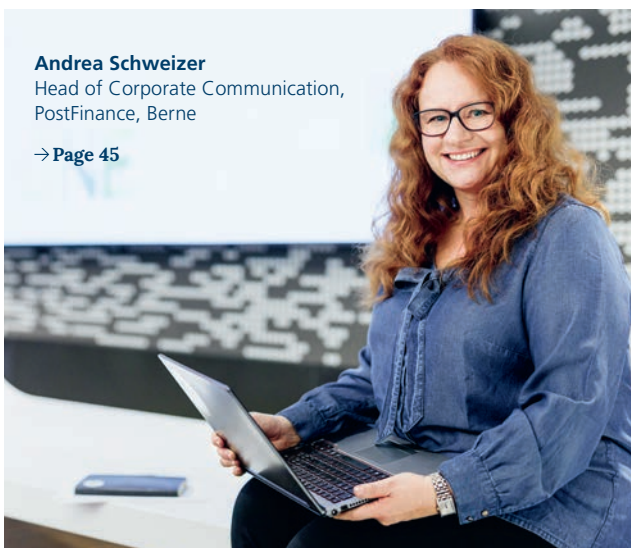
**Jeremy Heierli**  
Import Team Leader,  
Zurich-Mülligen  
international letter center

→ Page 23



**Andrea Schweizer**  
Head of Corporate Communication,  
PostFinance, Berne

→ Page 45



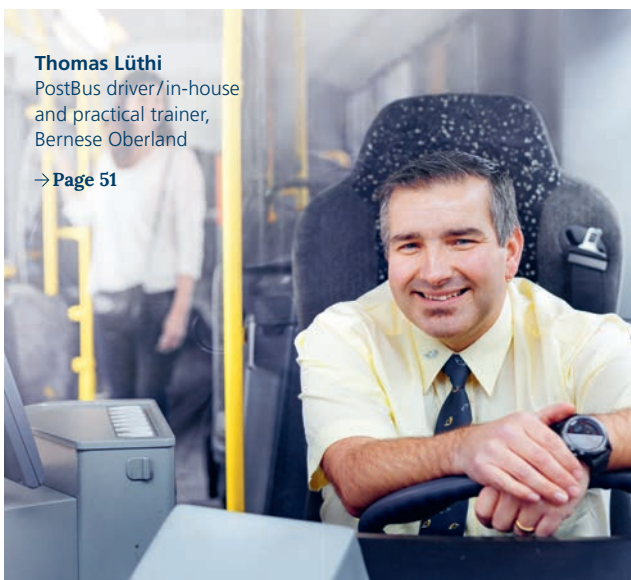
**Hanh Vu**  
Financial Controller Document  
Input, Swiss Post Solutions,  
Switzerland

→ Page 41



**Thomas Lüthi**  
PostBus driver/in-house  
and practical trainer,  
Bernese Oberland

→ Page 51



**Alessandra Spina**  
Head of Ecublens  
branch

→ Page 35



---

**Foreword** 3

---

**Strategy, transformation and responsibility** 7

---

**Business performance** 17

Group 18

PostMail 22

PostLogistics 28

PostalNetwork 34

Swiss Post Solutions 40

PostFinance 44

PostBus 50

---

**Employees** 55

---

**Corporate governance** 59

---

**Key figures** 69

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This Annual Report is supplemented by a separate **Financial Report** (management report, corporate governance and annual financial statements), comprehensive **Annual Report key figures** and a **Sustainability Report**. Information on reference sources is provided on page 68.



**Martina Liebi**  
International  
Forwarding Specialist,  
PostLogistics, Dintikon

→ Page 29

# Simple yet systematic – Swiss Post.

We connect the physical and digital worlds, setting new standards with our products and integrated solutions. We make it easier for our customers to operate in today's complex environment, giving them greater scope to succeed.

**7,691 million**

francs in **operating income**, down 373 million francs year-on-year.

**20%**

is the **CO<sub>2</sub> efficiency improvement** over 2010 achieved by Swiss Post by the end of 2018.

**405 million**

francs in **Group profit**, down 122 million francs year-on-year.

**83 points**

**Customer satisfaction** remained stable, equalling the high level of the previous year.



**80 points**

The high index value for **employee commitment**, which declined by one point year-on-year, is a testament to motivated and committed employees.

**58,180**

employees, 1,189 below the **headcount** for the previous year.

**Business activities**

**Communication market:** Letters, newspapers, small goods, promotional mailings, innovative business process outsourcing (BPO) in document solutions in Switzerland and internationally

**Logistics market:** Parcel post, express and SameDay services, and e-commerce and logistics solutions within Switzerland and abroad

**Financial services market:** Payments, savings, investments, retirement planning and financing in Switzerland, as well as international payment transactions

**Passenger transport market:** Regional, municipal and urban transport, integrated services and mobility solutions in Switzerland and in selected countries abroad

**Our performance in 2018**

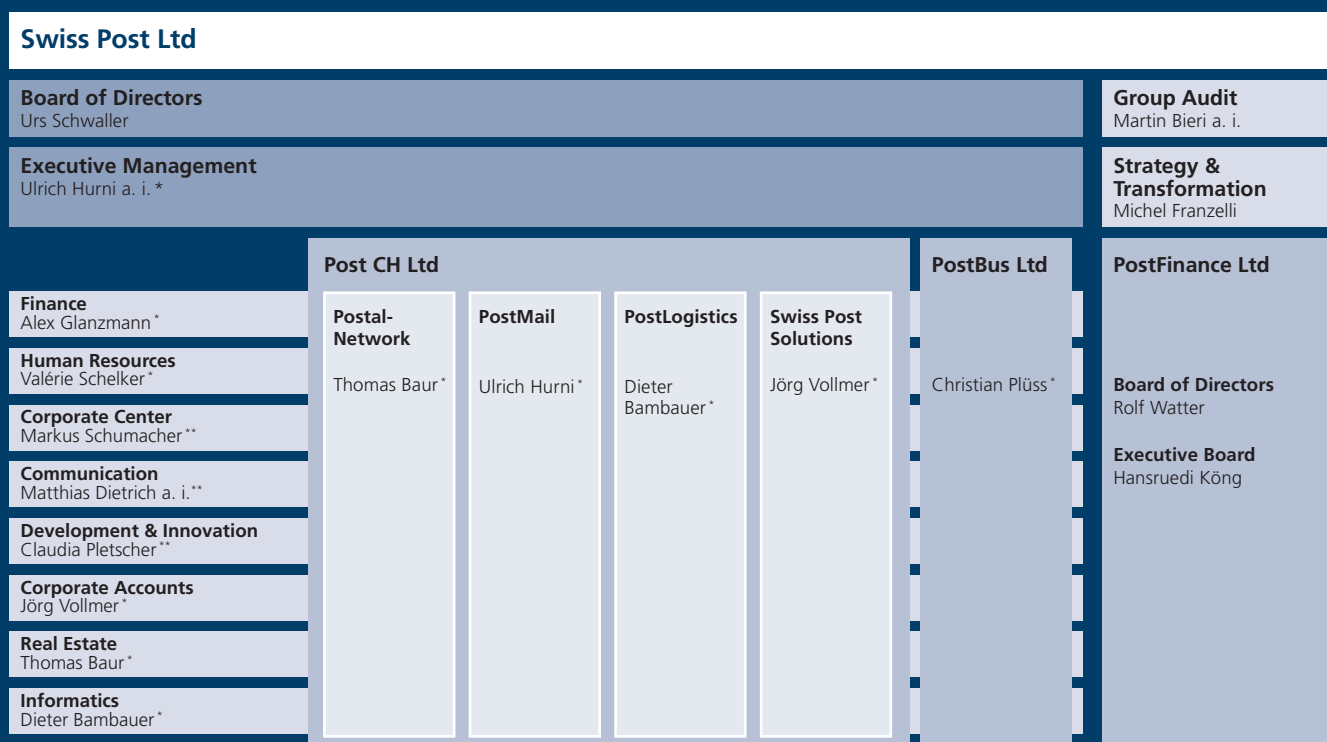
## Key figures

		2018	Strategic goal
Operating income	CHF million	7,691	–
Operating profit (EBIT)	CHF million	501	600
Group profit	CHF million	405	–
Equity	CHF million	6,732	–
Degree of internal financing – investments	Percent	100	100
Addressed letters	In millions	1,898	–
Parcels	In millions	138	–
Avg. PostFinance customer assets	CHF billion	119	–
PostBus passengers (Switzerland)	In millions	156	–
Customer satisfaction	Index (scale of 0 – 100)	83	≥ 78
Headcount	Full-time equivalents	41,632	–
Employee commitment	Index (scale of 0 – 100)	80	> 80
CO <sub>2</sub> efficiency improvement since 2010	Percent	20	25 <sup>1</sup>

<sup>1</sup> Target for 2020.

**Organization chart**

as at 31 December 2018



\* Member of Executive Management

\*\* Member of Extended Executive Management

**Communication market**

**PostMail** offers private and business customers high-quality products and tailored solutions for letters, newspapers, small goods and promotional mailings, from acceptance right through to delivery. This range is complemented by its digital services.

**Swiss Post Solutions** is a leading provider of solutions for business process outsourcing and innovative services in document solutions.

**PostalNetwork** offers the densest network for postal services in Europe. Whether at home, on the go or digitally: a wide range of access points for private customers and SMEs ensures even greater customer proximity on a daily basis.

Key figures		2018
Operating income	CHF million	2,721
Operating profit	CHF million	388
Addressed letters	In millions	1,898
Unaddressed items	In millions	1,676
Newspapers	In millions	1,075
Headcount	Full-time equivalents	14,979

Operating income	CHF million	583
Operating profit	CHF million	31
Area of activity	Number of countries	15
Headcount	Full-time equivalents	6,789

Operating income	CHF million	1,045
Operating profit	CHF million	-94
Inpayments	In millions	139
Headcount	Full-time equivalents	4,753

**Logistics market**

**PostLogistics** offers logistics solutions for national and cross-border parcel delivery, as well as courier, express and SameDay services. It takes care of transport and warehousing logistics and provides private customers with services that make it easy to receive parcels. The range is completed by a portfolio of e-commerce services and logistics solutions in the healthcare sector.

Key figures		2018
Operating income	CHF million	1,678
Operating profit	CHF million	145
Parcels	In millions	138
Express items	In millions	2
Headcount	Full-time equivalents	5,400

**Financial services market**

**PostFinance** is the ideal partner for anyone who manages their own finances. Whether in payments, investments, retirement planning or financing – PostFinance offers its customers simple, straightforward products with fair conditions.

Key figures		2018
Operating income	CHF million	1,704
Operating profit	CHF million	220
Customer accounts	In millions	4.5
Inflow of new money	CHF million	-822
Avg. PostFinance customer assets	CHF billion	119
Headcount	Full-time equivalents	3,333

**Passenger transport market**

**PostBus** is the market leader in public bus transport in Switzerland. With its fleet of modern vehicles, PostBus carries millions of passengers every year. In regional passenger transport, the bus company is developing an increasingly strong presence in cities and conurbations alike.

Key figures		2018
Operating income	CHF million	954
Operating profit	CHF million	-58
Domestic passengers	In millions	156
Domestic vehicle kilometres	In millions of km	120
Vehicles	Number	2,412
Headcount	Full-time equivalents	3,354

## Consistent rehabilitation in 2018

For Swiss Post, and for PostBus in particular, 2018 was a challenging year: during the course of an ordinary audit, the Federal Office of Transport (FOT) examined the accounting of services between the PostBus companies within PostBus Switzerland Ltd. As a result, irregularities concerning financial reporting under subsidy law on regional passenger transport procured during the period 2007 to 2015, as well as excessive transfer prices in 2016, were identified. For a number of years, PostBus used irregular accounting practices and, as a result, received excessively high compensatory payments for the provision of its public transport services. To clarify the details of the matter, Swiss Post launched an immediate investigation by independent experts in November 2017. Chairman of the Board of Directors Urs Schwaller subsequently announced that Swiss Post would repay every franc owed to the Confederation and the cantons.

### Consequences of the investigation

In June 2018, Swiss Post published the results of the external enquiry report and the independent expert evaluation. Both clearly showed the severity of the unlawful reclassifications at PostBus, how they continued for years and how manipulation took place. As a result, the Board of Directors undertook operational and personnel-related measures which constituted the first step towards a new start. All members of the PostBus Executive Board were dismissed due to a lack of confidence in them. CEO Susanne Ruoff also left the company.

In terms of operations, it was announced that, along with other measures, the reorganization known as IMPRESA will be reversed. This holding structure, adopted in 2014 and introduced on 1 January 2016, was designed to protect profits by setting excessive transfer prices between PostBus subsidiaries. From 2019, IMPRESA will be replaced by a transparent, functional form of organization. In addition, an orderly exit from the passenger transport business in France is being reviewed.

### Repayment of amounts owed

Under the auspices of the FOT and together with the Conference of Cantonal Directors of Public Transport (CPT), the amount to be repaid to the Confederation, the cantons and the municipalities was determined over the summer months. In September 2018, Swiss Post announced that PostBus will reimburse the irregular compensatory payments to the Confederation and the cantons in full. In accordance with this objective, PostBus pledged to make repayments amounting to 188.1 million francs, including interest, for the years 2007 to 2018, as well as 17.2 million francs in voluntary repayments for the lapsed contributions in the period prior to 2007.

Under the aegis of the FOT and CPT, PostBus concluded the framework agreement on 14 December 2018. This enabled Swiss Post to transfer the amounts to the cantons and the Confederation. The measures related to the repayments also included a further review by Swiss Post of all figures and the numerous documents on hand. In addition to these checks, Swiss Post asked its employees to report any amendments. As part of this process, it was found that Swiss Post owed a total of 2.9 million francs to seven municipalities. These amounts have also been repaid by Swiss Post.

### Further measures on track

By the end of 2018, the further measures initiated were on track: the vacant positions, including the new CEO, had been filled. In June, a decision was also taken by the Board of Directors to change the auditing company for the 2019 financial year. Following the service tender process initiated at that time, EY has acquired the mandate. In addition, the compliance programme on subsidy law announced by Swiss Post will be implemented in 2019. Swiss Post is also continuing to investigate whether it will file claims for liability and damages. Initial decisions regarding this matter are expected in spring 2019.

With the repayments made to the Confederation and the cantons, Swiss Post has honoured its promise to repay every franc owed. For Swiss Post, this was a major milestone in 2018 in terms of fully redressing the events surrounding PostBus, and a fundamental requirement for making a fresh start in 2019.

### Chronology

November 2017: Indications of irregular accounting practices at PostBus

February 2018: Communication and appraisal of circumstances and events

June 2018: Operational and personnel-related consequences of the investigation

September 2018: Repayment terms and amounts determined in conjunction with FOT and CPT

December 2018: Repayment agreement concluded with the Confederation and cantons



#### Dear Reader

Looking back on the past year, we can see that Swiss Post has continued to evolve successfully in many of its units. But it was also a turbulent year for us and our employees, due to the events surrounding PostBus. Our agreement on repayment to the Confederation, cantons and municipalities is an important milestone in the process of redressing the incident at PostBus and making a fresh start. It also enables us to honour our promise to our customers, our partners and, not least, our owner that we would rectify the financial situation.

Swiss Post generated a significantly lower result in 2018 than in the previous year. This development is in line with our forecasts and is mainly due to the difficult operating framework at PostFinance and the corrections made at PostBus. Nevertheless, many units have achieved very good results in a demanding market environment: the parcel market is booming, Swiss Post Solutions is on track, the deficit in the postal network is under control and, despite declining volumes, earnings in the letter business have increased.

Even though the Group result is down year-on-year, Swiss Post has a good financial basis that gives us the entrepreneurial freedom to continue developing the company. However, the major challenges faced by Swiss Post remain in place: falling letter volumes, pressure on prices – particularly in logistics – and persistently low interest rates, which are having a major impact on PostFinance's result. Against this background, we will again be required to take bold, far-sighted and decisive action in the future.

Swiss Post therefore welcomes the Federal Council's policy decision signalling its desire to lift the ban on PostFinance issuing its own loans and mortgages. But there is also a need for action in other areas, such as the structuring of letter prices. As part of an overall review, we want to see an in-depth examination of the expectations for the public service of the future and its financing. Our discussions about the regulatory framework with policymakers and our owner must now lead to concrete decisions.

On behalf of the Board of Directors and Executive Management, we would like to thank our employees for the excellent, dedicated work they perform every day in these challenging times. Swiss Post will continue to be here for everyone and provide customers with services of its usual high standard.

**Urs Schwaller**  
Chairman of the  
Board of Directors

**Ulrich Hurni**  
CEO a. i.



**Our discussions  
about the regu-  
latory frame-  
work with  
policymakers  
and our owner  
must now lead  
to concrete  
decisions.**



**Interview**  
with Ulrich Hurni, CEO a. i.

—  —  
**We know the  
markets we  
operate in very  
well.**

Swiss Post Ltd's Group result for 2018 is down year-on-year. The result should nevertheless be seen as positive, and Swiss Post is looking to the future with confidence. In this interview, CEO Ulrich Hurni explains why.

**How would you summarize the 2018 Group result?**

First of all, it is clear that the Group result for 2018 is significantly lower than in the previous year. This is mainly due to dwindling revenues at PostFinance and the repayments made by PostBus. Aside from these two business units, all other units performed better than in the previous year.

**Was this result expected?**

We know the markets we operate in very well, so the downward trend is of course no surprise to us. Factors such as declining letter volumes, the pressure on prices affecting all units and persistently low interest rates – an extremely difficult factor influencing the PostFinance result – are becoming more pronounced. This means that the challenges will remain the same for the coming financial year.

**Which business units developed particularly positively in 2018, and what were the reasons for this?**

Despite the challenging environment, many units achieved very good results. The parcel market is booming, and the good result achieved at PostLogistics reflects this. With Swiss Post Solutions (SPS), we are also on track in international business. The path chosen at PostalNetwork is producing positive results. And earnings at PostMail also rose year-on-year.

**At PostMail, it is striking that while volumes are declining, the result is improving. How do you explain that?**

In Switzerland, the decline in the volume of letter mail is less dramatic than in other European countries. Nevertheless, we have consistently adapted our processes in line with lower volumes to become more cost-efficient. In addition, we continue to benefit from automatic sequencing, which is our system for automatically sorting a substantial proportion of consignments in the order of household letter boxes, saving time during deliveries.

**Which business units developed negatively in 2018, and what were the reasons for this?**

As a result of the events at PostBus, we committed to repaying the funds received unlawfully over several years in full, and to repaying them this year. That has had an impact on the annual result. PostFinance also saw a sharp decline in profit. Given the interest rate situation, this was foreseeable.

But even though the Group result is down year-on-year, it can still be considered positive.



As a result of the functional management programme, overhead costs were also significantly reduced. We know the reasons for the result, and we also know that we have achieved very good results in many units because of our employees' high level of commitment. I would very much like to thank our staff members for that.

**What impact does the PostFinance result have on the Group? Without high revenues at PostFinance, does Swiss Post still have enough money to finance the universal service internally?**


Swiss Post will continue to be able to finance the universal service from its own resources. However, the distribution of a dividend from Swiss Post to the Confederation as owner will probably no longer be possible in the form it has taken until now. As far as PostFinance is concerned, the Group cannot expect to pay a

dividend in the near future. This is due not only to low earnings, but also to the fact that PostFinance is required to build up additional equity owing to its classification as a systemically important bank.

**Would a lifting of the ban on issuing its own loans and mortgages be enough to secure PostFinance's business model in the long term?**

We do of course welcome the Federal Council's policy decision signalling its desire to lift the ban. It would allow us to expand our activities in the financial market accordingly. This is important for the future of PostFinance and Swiss Post. But it is important to remain realistic. There is a long way to go before any potential lifting of the ban comes to fruition.

—  —  
**Swiss Post will continue to be able to finance the universal service from its own resources.**

—  —  
**Despite the challenging environment, many units achieved very good results.**



**In 2016, Swiss Post defined its goals and strategy for the 2017–2020 period. Do changes have to be made now, halfway through the strategy period?**

We know our markets and their trends. This was already the case in 2016, when the goals and strategy for the 2017–2020 period were drawn up. The current strategy therefore remains in place. However, the strategy is reviewed annually by each of the units, by Executive Management and by the Board of Directors. And adjustments are of course made wherever necessary. In September 2017, for example, Executive Management and the Board of Directors decided that daily newspaper subscriptions in areas without early-morning delivery should be delivered by noon. For us, the strategy is our framework. But sometimes fine-tuning is necessary, and we of course ensure that this is done.

I believe it's fair to say that Swiss Post is doing well: it tackles challenges through consistent optimization, adaptation in the core business and the development of new growth areas.

**What are the factors required to ensure Swiss Post's long-term success?**

Declining volumes, pressure on prices and low interest rates will continue to be challenges for us. For PostFinance, lifting the prohibition on lending will therefore be of the utmost importance. But there is a need for change at Post-Mail, too. The last adjustment to letter prices was in 2004, so an increase is inevitable in the coming years. In terms of the overall picture, there now needs to be further debate. That debate must also include an open dialogue with policymakers and the owner about the regulatory framework. This will allow Swiss Post to continue to be here for everyone and provide customers with services of its usual high standard. A high-quality internally financed universal service must be in everyone's interest.

**How and where is investment required, and how will Swiss Post finance it?**

Investment is required to ensure positive development. We expect that parcel volumes will continue to rise. That means we will have to build more sub-centers. In the foreseeable future, the systems in place at the existing parcel centers will also have to be replaced. PostFinance will continue its development as a digital powerhouse with appropriate investment in new electronic services. Swiss Post also needs to grow, and will therefore invest in larger acquisitions. It is important for us to be able to finance these investments from our own resources – and we can.

**In terms of acquisitions, which markets stand out in particular?**

Generally speaking, the only acquisitions that are of interest to us are those that bring strategic added value for Swiss Post, whether that is from a substantial strengthening of our core business or knowledge transfer through specialized and innovative companies. For us, acquisitions are about strengthening and developing our core business – namely, financial services, logistics and the communication market. We will therefore continue to operate in these markets, as we already know them so well.

**Are forecasts for the 2019 financial year possible at this point in time?**

We are in a good position. We are extremely familiar with the markets we operate in, and we are on track with our strategy for the 2017–2020 period. Nevertheless, pressure on the Group result will continue to grow, and we will need to pursue our strategy consistently.



**To ensure positive development, investment is essential.**

# Strategy, transformation and responsibility

In order to meet customer requirements now and in the future, Swiss Post is accelerating its transformation with its 2020 strategy (page 8). Guided by the vision “Simple yet systematic”, it is adapting its core business and aims to continue its growth by moving into new physical, digital and hybrid business areas (page 10). The corporate responsibility strategy focuses on the following areas of action: responsible procurement, climate and energy, employees, circular economy and corporate citizenship (page 15).

## Strategic goals for 2017 to 2020



### Customer satisfaction

At least **80 points** on a scale of 0 – 100



### Access points

More than **4,200 access points** by the end of 2020



### Market position

**Market leader** in the four current markets



### New revenue

**10 percent** of new revenue by 2020



### Finances

Operating result of **600 million francs**



### Efficiency

Savings at Group level of around **5 percent** by 2020



### Staff commitment

At least **80 points** on a scale of 0 – 100



### CO<sub>2</sub> efficiency

Improvement in CO<sub>2</sub> efficiency of at least **25 percent** by the end of 2020 in comparison with 2010

2020 strategy

## We are transforming Swiss Post

New digital and international competitors are forcing their way onto the market. Customers expect individual and flexible solutions – around the clock, both physical and digital. Changing letter volumes, competition in the parcel market and the low interest rate situation in the banking environment are still having their effect on Swiss Post. Through its 2020 strategy, Swiss Post is transforming its business areas in each of these dynamic markets.

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**Our vision: “Simple yet systematic – Swiss Post.”**

“We connect the physical and digital worlds, setting new standards with our products and integrated solutions. We make it easier for our customers to operate in today’s complex environment, giving them greater scope to succeed.”

The 2020 transformation strategy is based on our vision: “Simple yet systematic – Swiss Post.” But on the path to achieving these goals, there are a number of special challenges to be met that are almost unique in Swiss Post’s history.

### Challenges

To take advantage of future opportunities, Swiss Post must overcome three fundamental challenges:

#### New digital competitors

The Internet has led to digital competitors with new business models entering Swiss Post’s markets and competing with its core business. Swiss Post must therefore offer physically and digitally integrated services and access points, and continue to develop its expertise in the digital world (for example, in online payments and smart data).

#### Income and margins under pressure

The growth in e-commerce is intensifying the pressure on prices in the logistics market. At the same time, letter volumes are in decline and demand for over-the-counter services is falling. The financial markets are suffering from the low interest rate environment. Swiss Post must continue to push forward with its strategies in the core markets, both in Switzerland and abroad.

#### Conflict between regulatory and political demands

Regulatory requirements and political initiatives can change market conditions and influence Swiss Post’s transformation. Swiss Post will achieve its transformation in dialogue with regulators and the public.

### Group goals

To implement the transformation, Swiss Post has set Group-wide goals to be achieved by 2020:

#### Customer focus

Swiss Post is working to focus more closely on the customer, and its efforts are measured by two indicators:

- Customer satisfaction: attain at least 80 points (scale of 0 – 100)
- Customer proximity: offer more than 4,200 access points

#### Market

Swiss Post wants to generate 10 percent of new revenue by 2020. It is therefore looking to expand in its core business and in seven key growth and business development areas. This is not something that can be taken for granted – such as digital companies increasingly opting to handle their own logistics. Swiss Post must therefore continue to develop its services and access points systematically – by combining physical and digital products and services, for instance.

#### Efficiency

Swiss Post is optimizing its processes. As well as implementing traditional measures to increase efficiency in its different units, it is seeking to achieve around 5 percent of savings at Group level by 2020.

#### Employees

Employees are crucial to business success. Swiss Post relies on staff commitment and wants to maintain a very high employee commitment score of 80 points (scale of 0 – 100).

### Corporate responsibility

Swiss Post is aiming to improve its CO<sub>2</sub> efficiency by at least 25 percent by 2020 compared to the base year 2010.

### Finances

If Swiss Post can impress its customers, increase its competitive edge and optimize its internal processes, it can generate an operating result of 600 million francs in the 2020 strategy period.



**I am proud that Swiss Post is managing to achieve a good balance between growth, transformation and efficiency.**

**Michel Franzelli**  
Head of Strategy & Transformation

### Strategic thrusts

To meet its goals, Swiss Post is pursuing four strategic thrusts:

#### Transformation

Changing customer habits require ongoing development of the core business in order to continue creating a positive customer experience. The focus is also on the physical-digital merger and use of data, as well as solutions for business customers.

#### Growth

Growth from the core business and targeted, innovative development areas are the primary factors that will secure the future of Swiss Post. These include e-commerce and cross-channel communication.

#### Optimization

Interest rates, margins and volumes are coming under increasing pressure. Swiss Post is therefore increasing its cost efficiency. In Procurement, for example, this is achieved through a functional management model and optimized IT.

#### Regulatory framework

As a closely regulated company, Swiss Post finds itself trying to reconcile the conflicting demands of the market and politics. It wants to fulfil its universal service obligation in such a way that it reflects changing customer requirements. To do so, it requires entrepreneurial freedom. In dialogue with the regulators, Swiss Post is committed to creating the greatest possible benefit for its customers.



Q&A

**Michel Franzelli**

Head of Strategy & Transformation

### How is Swiss Post progressing, halfway through the 2020 strategy period?

Swiss Post is developing according to plan. The progress made in the intensive transformation of the PostFinance and Postal-Network Group units is encouraging. The growth in the parcel business and the decline in letter volumes are well balanced. Swiss Post provides quality and performance at a high level, as is also evident from international comparisons.

### What makes you particularly proud?

Our employees are very committed, and customer confidence in Swiss Post is stable. During phases of transformation, you feel that very strongly. I take pride in it every single day. Also, our international document business is growing every year. That is a major success for Swiss Post.

### Where do you need to catch up?

In the mobility sector. After stabilizing the business, we will talk to the owner and stakeholders about the future strategy.



Growth

## Swiss Post is growing and evolving

How can we make our services even more personalized? What potential do new partnerships offer? How do we create added value using artificial intelligence? Swiss Post plans to grow by expanding its core business and developing new and innovative solutions and services.

—  —  
**Targeted growth contributes to future success.**

**Michel Franzelli**  
 Head of Strategy & Transformation

To rise to the challenges it faces and achieve its set goals, Swiss Post wants to grow in its core business and beyond. There are seven growth and business development areas of particular importance in this respect:

### **Cross-channel communication**

Swiss Post aims to increase the effectiveness of advertising for business customers with dialogue-oriented, personalized and cross-channel communication solutions. To this end, it is harnessing electronic communication channels and combining them with physical dialogue marketing. In the Online Dialogue department, Swiss Post develops cross-channel solutions such as Profital, the leaflet app and platform that enables location-based, digital retail marketing. With 60 business customers, over 250,000 users and more than 1.4 million leaflet views per month, Profital has evolved into an established advertising channel and a popular shopping app. Swiss Post is accepted by its business customers as a natural partner for physical-electronic advertising. But customers are increasingly looking for a full-service provider who can offer everything from consulting, data analysis and campaign preparation to delivery and performance measurement.

### **Digital trust**

Swiss Post offers digital services that can be trusted. One example is e-voting, which allows voters to cast encrypted electronic votes securely in elections and referendums (→ p. 13). Another is the E-Health platform, which enables medical records to be accessed and transferred easily and securely. With its solutions for electronic identity (SwissID) and secure e-mail transmission (IncaMail) and its online payment tool (BillingOnline), Swiss Post is on course for growth.

### **Business process outsourcing (document solutions)**

Swiss Post Solutions connects its customers' physical and digital worlds and supports companies in their digital transformation. Its end-to-end portfolio encompasses all data processing tasks for incoming physical mail, from scanning, data entry and extraction to outbound document management. With its innovative, location-independent services, intelligent automation based on robotics and artificial intelligence, high level of customer loyalty and international agility, Swiss Post Solutions is one of the global market leaders in business process outsourcing for document solutions. Swiss Post Solutions has seen con-

sistent growth of sales and profit in recent years and remains on course for success.

### E-commerce

Thanks to digitization, international trade is becoming increasingly important. In particular, online trade with China is booming. Swiss Post cooperates with Alibaba, Tencent, JD, Kaola and other providers to position Swiss brands under the banner of "Swissness", which focuses on topics such as Swiss tourism, innovation and culture. Switzerland remains the third most popular travel destination in China, but language and culture, as well as high regulatory hurdles and massive competition, make market entry difficult. Under this initiative, Swiss Post is positioning itself as a partner to Swiss SMEs, giving them access to its existing, well-established marketing and distribution channels. For small and medium-sized companies, this keeps their initial costs manageable.

### Digital banking

PostFinance is on the way to becoming a digital powerhouse. As the basis for this, it introduced a new core banking system in 2018. The new platform is stable and highly efficient. The

new banking software enables PostFinance to establish the right framework for the rapid launch of new digital products and services. The first innovations were introduced in the second half of 2018:

- Self-service hub in e-finance, enabling new online features such as changing addresses, arranging appointments and managing, blocking and unblocking debit cards
- A security guarantee for financial damages in online banking (→ p. 49)
- Pop-up stores at train stations, where customers can experience PostFinance's digital solutions at first hand
- Go Digital courses on mobile and online banking available at PostFinance branches

### Sales & Solutions

This newly created organizational unit is dedicated exclusively to major business customers. It develops tailor-made postal solutions.

Business development area: e-commerce

## Asendia drives growth

Swiss Post wants to grow in cross-border logistics and have a share in the large flows of goods and data. Its stakeholding in Asendia implements this strategy successfully in the e-commerce market. The international joint venture between Swiss Post and France's La Poste is a proven, successful collaboration going back more than five years.

### Mail and logistics business expanded

With the acquisition of the US e-commerce and mail company Globegistics, Asendia is strengthening its position in the United States. Through new partnerships with Israel Post and Irish postal service An Post, Asendia has also secured access to these markets.

### On course for success: eShopWorld

Since 2013, Asendia has held a stake in eShopWorld, an Irish provider of e-commerce solutions, enabling a major expansion of its services. eShopWorld makes it easier for brands and retailers to access global markets, supporting them in webshop set-up, currency conversion, customs clearance, shipping and returns management. Voted exporter of the year at the Software Industry Awards in 2017, eShopWorld again saw substantial revenue growth in 2018.



## Swiss Post is growing in eco-systems – together with partners.

**Bernhard Häuselmann**  
Business Solutions Advisor

### Joint venture Asendia

Since 2012, Swiss Post and France's La Poste have been conducting their cross-border activities in the mail sector as partners in the joint venture Asendia. The joint venture allows Asendia to offer its customers innovative solutions worldwide. With its branches in 15 countries, Asendia can provide its customers with professional and efficient support in sending mailings and consignments of up to 2 kilograms to over 220 countries.



Transformation

## Customer experience is of utmost importance

Whether in postal or financial transactions, on the road with public transport or in highly complex business processes: Swiss Post develops user-friendly access points, products and services for private individuals and business customers.



### Our ambition:

“My Swiss Post does everything it can to make my life easier – whenever, wherever and however it suits me.”

### Customer experience

“My Swiss Post does everything it can to make my life easier – whenever, wherever and however it suits me.” This is the message that customers should take away after any interaction with Swiss Post. To this end, a cross-unit initiative was launched in 2018. Its focus is on optimizing the most important experiences customers have with Swiss Post – e.g. receiving parcels, having mail retained and paying in money.

Further improvements are being implemented on an ongoing basis. Swiss Post is expanding its convenience services over the last mile by collecting Nespresso capsules, Texaid bags and brocki donations on delivery rounds. In mid-April 2018, a new user interface for “My consignments” was launched, making it even easier for customers to manage their recipient settings for parcels and letters. Self-operated branches, which are being modernized by Swiss Post on an ongoing basis, are receiving a lot of positive feedback from both customers and employees. They now connect the physical and the digital worlds: for example, if you find yourself standing outside a closed branch, you can use the new QR codes provided on-site to find out where the nearest open access point is.

### Digitization

Swiss Post makes allowance for modern lifestyles by focusing its growth and business development areas on individuality and our 24-hour society. Digitization is the basis for the expansion of existing services with new physical and digital services, which are developed in-house or in cooperation with partners. At present, more than 70 established online services are available to customers. Numerous new services over the last mile have been established, including same-day delivery and delivery to an upper floor within a building. Customer dialogue is being reinforced using digital channels such as chatbots. This allows Swiss Post to resolve its customers’ problems quickly or make personalized suggestions on how to make better use of its services. Internally, Swiss Post continues to develop the skills required for digitization in various areas, including automation, sensor technology and data analysis.



Digital trust

## New solutions for a digital world

Swiss Post has always been a trusted partner when it comes to transporting sensitive information and goods. It develops innovative digital services for its customers based on new technologies.

Swiss Post's digital solutions are secure, efficient and legally compliant. They are developed in collaboration with leading technology partners, creative start-ups, cities, cantons, companies and universities. With this approach, Swiss Post combines and expands its own expertise with external knowledge and new experience and develops new business opportunities.

### Electronic voting at home and abroad

Swiss Post offers the Swiss cantons an e-voting solution in which security is the first priority. Swiss Post's e-voting system has been on the market since 2016 and, since February 2019, has been the first and only Swiss e-voting solution certified for 100 percent of the electorate. In 2018, Glarus and Graubünden chose to join the Cantons of Thurgau, Neuchâtel, Fribourg and Basel-Stadt in adopting Swiss Post's e-voting system as an additional third voting channel. It was used for the first time by the Canton of Thurgau on 23 September 2018. At present, only Thurgau citizens who are resident abroad are able to cast their vote electronically. In future, however, voters residing in Thurgau itself will also be able to benefit from the digital voting channel.

### Digital solutions for the healthcare sector

In the healthcare sector, the level of complexity and need for coordination between stakeholders is increasing. Swiss Post offers the core communities of e-health service providers from the various cantons an E-Health platform that makes electronic patient records (EPR) accessible to residents and provides collaboration services for stakeholders (B2B). The EPR allows patients and authorized professionals to access and exchange medical records securely and easily. It therefore contributes to raising the quality of treatment, and to improving intercommunication and efficiency within the healthcare system. The Canton of Geneva and the core communities eHealth Südost, eHealth Aargau and Spital Thurgau AG have already turned to this secure solution. To expand its E-Health platform and offer new services to its customers, Swiss Post entered into a partnership with Siemens Healthineers eHealth Solutions in 2018.



Q&amp;A

### Claudia Pletscher

Head of Development & Innovation,  
Member of Extended Executive  
Management

### Swiss Post is already using delivery drones and autonomous shuttles. What technologies will you be focusing on in the future?

We are focusing on the Internet of things in consignment tracking and blockchain – both of which are indispensable technologies for a logistics specialist.

### Why does Swiss Post focus on these technologies at a very early stage?

To remain competitive in our core business, it is essential for us to have a detailed understanding of technologies early on. This allows us to tailor them to our customers' needs and bring services to market in good time.

### People who want to access Swiss Post's online services can now use SwissID.

Yes, around 500,000 customers are already using SwissID, which is a single login that gives them easy and secure access to the online services provided by Swiss Post and other companies. The aim is to develop SwissID into an electronic identity that can be widely used.

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## By introducing functional processes, we are improving service quality at Swiss Post.

**Daniel Krebs**  
Head of Transformation  
administrative office

Optimization

## Pooling strengths

At a time when markets are evolving every day and technologies are changing rapidly, the effectiveness of functional processes is also becoming critical. Swiss Post has implemented the Functional Management 2020 programme to pool functional tasks.

Customers can order registered letters to be delivered directly to a My Post 24 terminal via the Post-App and pay using their customer account. All-in solutions for companies combine logistics services, document processing and payment processing. These two examples highlight the changing nature of Swiss Post's markets, driven by new technological opportunities. To harness these possibilities and continue offering customers high-quality services in the future, Swiss Post is harmonizing and digitizing its internal processes with the goal of increasing its efficiency, and in particular its effectiveness. At the same time, the transparency of management and control is being improved across the Group. To achieve this, Swiss Post is implementing the Functional Management 2020 programme, which provides support and assistance for bringing all information technology, finance, communication and HR positions under their own management. The project is controlled by a steering committee chaired by the CEO.

### Developing process capabilities

Functional management will lead to an efficiency increase of around 30 percent. At the halfway point, two years after implementation, we are on track to achieve this, despite the fact that all functions have revised their management and process model and are implementing the changes in stages until 2020. In addition to the standardized service catalogues, a measurement model was used to ensure progress in service quality. Optimization of the processes is already well underway.

### Same goal, different transformation priorities

Because it is at the core of our operational processes and enables all interactions and transactions with customers and partners, information technology plays a central role in the digital transformation. At Informatics, the operating model and organization have been completely restructured and all job profiles geared towards the target organization.

As part of the transformation, a new HR model was introduced in the Human Resources function unit in 2018. It is now a self-service model that focuses on managers' requirements. It structures requests using a ticketing system and shortens process times, allowing the other units to implement HR processes efficiently and digitally within their chosen framework.

In times of accelerated change, financial management is becoming increasingly important. The Finance function unit will use its project on harmonization of value streams to gear Swiss Post's technological and process-based financial control capacity towards these requirements.

In Communication, the focus is on establishing consistent communication with customers across all channels and elements. The pooling of communication resources makes it possible to focus campaign management on key topics across Swiss Post.



Responsibility

# We're acting now for tomorrow

Swiss Post continues to focus on climate protection and is expanding its social commitment. The corporate responsibility strategy for 2017–2020 focuses on the following areas of action: responsible procurement, climate and energy, employees, circular economy and corporate citizenship.

What impact do Swiss Post's business activities have on the environment and stakeholders? What do internal and external stakeholders expect? In order to make a proactive contribution to resolving environmental and social problems, Swiss Post's corporate responsibility strategy for 2017–2020 defined the most important areas of action and set out strategic thrusts and measures designed to achieve these goals.

### Responsible procurement

Swiss Post designs its procurement system sustainably. The focus is on the concept of

due diligence and control of the supply chain. Swiss Post advocates socially responsible working conditions and environmental measures along the entire procurement chain. All suppliers must sign Swiss Post's Code of Ethics and Social Responsibility.

In all public tenders, Swiss Post takes corporate responsibility criteria into account. By 2020, it will carry out a risk assessment of its strategic suppliers. Whenever possible, it considers life cycle costs, the circular economy approach and carbon neutrality when awarding contracts. →

### Our ambitions:



#### Procurement

In terms of sustainability, we want to become one of the leading procurement organizations in the postal industry.



#### Climate and energy

Swiss Post's climate goal is in line with the objective set by the United Nations of stabilizing global warming to well below 2 degrees Celsius by 2100.



#### Employees

We continually develop our employees and our organization in order to remain successful in the long term.



#### Circular economy

We support a resource-friendly and circular economy with our products and skills.



#### Corporate citizenship

We are committed to the common good and provide corporate resources for charitable, social or environmental purposes.

The symbols above are used throughout the Annual Report to indicate the area of action relevant to a particular article.





Q&amp;A

**Matthias Dietrich**

Interim Head of Communication

### Where will corporate responsibility at Swiss Post find itself in ten years' time?

We already work to ensure that environmental and economical needs are well balanced – for example, deliveries are largely run with zero emissions. We will continue to work on this in the future. We also develop products and services that conserve resources. But that's not enough. We are also committed to social working conditions and environmentally sound production processes, both in-house and at our suppliers.

### What are the biggest challenges?

Energy-efficient solutions need to be available, and it must also be possible to implement and use them in practice. Logistics needs to be constant and reliable, but technological developments and trends are often fast-moving. This doesn't just affect processes, software, vehicles, machinery or the infrastructure at letter or parcel centers. People are also at the mercy of rapid change. As an employer, it is our job to ensure that our employees remain fit for the job market.

### Climate and energy

Swiss Post has set a Group objective of increasing CO<sub>2</sub> efficiency for every consignment, every passenger carried, every transaction and every heated square metre by 25 percent by 2020 (base year 2010). It focuses on energy efficiency measures and uses renewable energy sources wherever possible. For example, it obtains 100 percent of its electricity from renewable, "naturemade basic"-certified sources from Switzerland.

Swiss Post also wants to identify alterations due to climate change at an early stage in order to minimize risks – and take advantage of potential opportunities for innovation. In the long term, Swiss Post intends to offer zero-emission services in all four markets wherever possible.

### Employees

Swiss Post develops its employees and organization in order to succeed. It supports its employees' performance and physical and mental health in all phases of their lives – particularly as they grow older. To remain attractive as an employer and training company, it maintains a diverse, agile and innovative working environment (→ "Employees" section, p. 55).

### Circular economy

With respect to the circular economy, Swiss Post plans to develop new strategic business areas and partnerships. Swiss Post's services

help to increase the recycling rate of resources, thereby ensuring that consumption in Switzerland is more responsible towards future generations. It is particularly committed to recycling selected reusable materials, repairing and re-using devices and work resources, and encouraging opportunities for sharing (in the manner of a sharing economy). This enables Swiss Post to tap into new logistics potential.

### Corporate citizenship

As a government-owned company with a long social tradition, Swiss Post supports charitable projects and institutions through financial or human resources and benefits in kind. Its commitment ranges from international deployments in disaster-relief logistics to the teaching of road safety by PostBus volunteers. Employees are encouraged to get involved in and publicize these commitments. Credible, focused and coordinated corporate citizenship strengthens the Swiss Post brand.



Learn about Swiss Post's commitment to sustainability in this short film: [www.swisspost.ch/cr-film](http://www.swisspost.ch/cr-film)

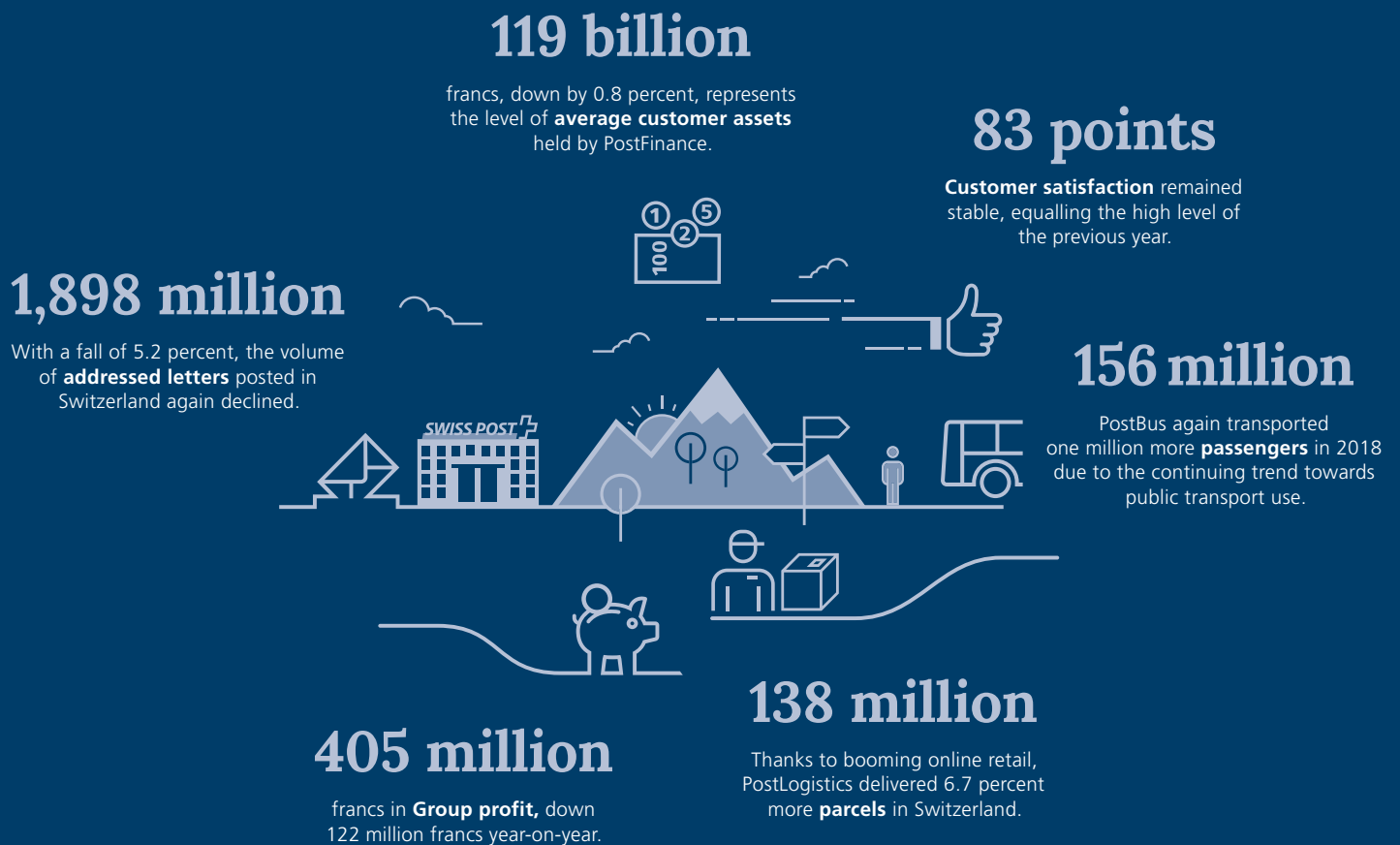


Detailed information can be found in the Sustainability Report at: [www.swisspost.ch/sustainabilityreport](http://www.swisspost.ch/sustainabilityreport)



# Business performance

In the year under review 2018, Swiss Post achieved good results in many units. However, at 405 million francs, Group profit was down 122 million francs year-on-year. In particular, the difficult operating framework at PostFinance and the settlement for repayments following the events at PostBus contributed to the lower result.



Group result

## Despite lower result: Swiss Post on the right track in challenging environment

In the year under review 2018, Swiss Post achieved good results in many units. However, at 405 million francs, Group profit was down 122 million francs year-on-year. In particular, the difficult operating framework at PostFinance and the settlement for repayments following the events at PostBus contributed to the lower result.

At 501 million francs, operating profit (EBIT) was 217 million lower than in the previous year. This confirmed Swiss Post's expectations. Despite the challenging environment, the different Swiss Post units achieved very good results, with the exception of PostFinance and PostBus. The parcel market is booming, and PostLogistics achieved an improved result year-on-year, rising to 145 million francs. Thanks to Swiss Post Solutions, Swiss Post is on track in international business, and at PostMail, earnings rose by 18 million francs year-on-year to 388 million francs. The result at PostalNetwork also improved.

By contrast, the difficult operating framework at PostFinance is having a major impact on the Group result. Swiss Post therefore welcomes the Federal Council's policy decision signalling its desire to lift the ban on loans and mortgages. "This is important for the future of PostFinance and Swiss Post, and for the financing of the universal service," says Alex Glanzmann, Head of Finance. Declining letter volumes and pressure on prices – particularly in the logistics market – also call for new approaches and business models. "This requires bold, far-sighted and decisive action on the part of Swiss Post," adds Glanzmann. The core business remains an economic cornerstone of Swiss Post activity. Swiss Post must act now and continue to generate profits if it is to maintain a high-quality internally financed universal service in the future.

The Federal Council has decided that PostFinance must build up additional equity due to its systemic importance. This means that PostFinance will only be able to afford to pay lower dividends to Swiss Post in future. This, in turn, means that the dividend amounts Swiss Post pays to the Confederation need to

be discussed this year. Only by doing so will Swiss Post, in particular, be able to maintain its investment capacity in the long term.

### Contributions by the business units

PostMail achieved an operating profit of 388 million francs. This means that PostMail exceeds the previous year's figure by 18 million francs, making the largest contribution to the overall result. However, as letter volumes and the number of subscription newspapers continue their steady fall, operating income declined by 114 million francs. The good operating result nevertheless achieved by PostMail is the result of improved and more efficient processes. PostMail has invested 23 million francs in its letter centers and in new sorting and delivery processes specifically for this purpose. Since 2014, PostMail has achieved an operating profit of over 300 million francs each year, making a substantial contribution to the Group result.

In 2018, Swiss Post Solutions generated operating profit of 31 million francs. Operating profit was up 6 million francs year-on-year, and has thus been rising continuously for five years. At 583 million francs, operating income was up 32 million francs on the previous year. Growth was sustained by good new business.

Thanks to network development and the consistent adaptation of resources to meet volume trends, combined with efficiency increases, PostalNetwork improved its operating result by 65 million francs, reducing the deficit to 94 million francs. However, at 1,045 million francs, operating income was down by 57 million francs year-on-year. The decline in operating income can be attributed to another marked fall in over-the-counter transactions and letter volumes (–2 percent) and in pay-

Operating income  
CHF million

7,691

Group profit  
CHF million

405

Equity  
CHF million

6,732

Economic value added  
CHF million

–28

Headcount  
Full-time equivalents

41,632

ment transactions (–6 percent). Net revenue from resale merchandise in branches also declined by 36 million francs due to adjustments to the range.

PostLogistics posted operating profit of 145 million francs in 2018, which was 26 million francs higher than the previous year's level. This rise was mainly due to growth of 6.7 percent in parcel volumes, an impairment loss on assets in the previous year and lower rent and depreciation. Operating income totalled 1,678 million francs, exceeding the previous year's total by 59 million francs. Operating expenses increased by 33 million francs year-on-year to 1,533 million francs.



















PostFinance's operating result fell from 549 million francs in the previous year to 220 million francs. Operating income was down 372 million francs to 1,704 million francs. This is mainly due to non-recurring one-off capital gains of 109 million francs from the sale of shares in the previous year and the current market-related lower interest and dividend income, which

decreased by 155 million francs. PostFinance has initiated various measures to counteract the decline in profit. However, the lifting of the lending prohibition is the key factor in ensuring PostFinance's long-term profitability and competitiveness.

PostBus has repaid the unlawfully received subsidies to the Confederation and the cantons. A large part of the repayment amount was recognized under retained earnings as at 1 January 2017. The operating result continued to be impacted by the repayments in 2018, which fell by 77 million francs to –58 million francs. Impairment losses on intangible assets (20 million francs) and the settlement of a legal dispute in France (7 million francs) also weighed on the operating result in 2018. The 29 million franc increase in operating income was mainly due to the expansion of services and associated higher passenger revenue.

→ For detailed information on the Group result, see page 28 of the Financial Report

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**Lower operating profit confirms Swiss Post's expectations.**

PostMail	Swiss Post Solutions	PostalNetwork	PostLogistics	PostFinance	PostBus
 <b>14,979</b> Full-time equivalents	 <b>6,789</b> Full-time equivalents	 <b>4,753</b> Full-time equivalents	 <b>5,400</b> Full-time equivalents	 <b>3,333</b> Full-time equivalents	 <b>3,354</b> Full-time equivalents
 <b>2,721</b> Operating income CHF million	 <b>583</b> Operating income CHF million	 <b>1,045</b> Operating income CHF million	 <b>1,678</b> Operating income CHF million	 <b>1,704</b> Operating income CHF million	 <b>954</b> Operating income CHF million
 <b>388</b> Operating profit CHF million	 <b>31</b> Operating profit CHF million	 <b>–94</b> Operating profit CHF million	 <b>145</b> Operating profit CHF million	 <b>220</b> Operating profit CHF million	 <b>–58</b> Operating profit CHF million



Q&amp;A

**Alex Glanzmann**

Head of Finance,

Member of Executive Management

**Swiss Post's profit is lower than last year. What do you think of this decline?**

This profit trend is in line with our forecasts. Swiss Post still has a healthy financial basis. The result has been affected by the ongoing low interest rates and the correction of the situation at PostBus. It is encouraging that, without exception, the other business units have achieved better results year-on-year. Our strategies and measures are proving effective.

**Does the result restrict Swiss Post's freedom of action?**

Swiss Post has enough opportunities to develop the business. There is currently no need to reconsider our investments or the economically viable financing of the universal service. But the pressure on our business model remains high: declining letter volumes, the growth in parcels and the low interest situation will continue to pose challenges for us. High innovative capacity, optimal efficiency and an adequate regulatory framework therefore remain crucial.

Investments

## Swiss Post invests in its logistics and software

Swiss Post is investing in the construction of three regional parcel centers and in sorting systems for letter processing. In 2018, PostFinance introduced new banking software. These investments enable Swiss Post to lay the foundations for the future.

In 2008, PostLogistics delivered around 104 million parcels. By 2018, this figure had risen to 138 million, and the growth is set to continue. Swiss Post will therefore invest more than 150 million francs in the construction of three new regional parcel centers in Vétroz, Cadenazzo and Untervaz by 2020. The company expects to build additional parcel centers in other regions, but the number of future locations is as yet undecided. The three new centers offer a practical expansion to the logistics network and will help relieve the pressure on the three existing parcel centers. The three new locations will be designed to accommodate sorting capacity of 8,000 parcels an hour. PostLogistics is also investing in electric delivery vehicles to be used for parcel deliveries in urban areas.

To continue to keep pace with technological change, PostMail is investing 74 million francs in installing new systems for consign-

ment preparation at the Zurich-Mülligen letter center and in adapting work areas to ensure they are optimized for goods flow.

During the Easter weekend, PostFinance brought its new core banking system into operation – within budget and on schedule. This lays the foundation for simple, digital products that are faster for customers.

To harmonize and standardize financial processes and value flows throughout the Group, Swiss Post is investing 85 million francs in a new centralized SAP system that will replace its existing applications by 2021, making financial control more cost-effective and consistent.

Customer survey

## Our customers are satisfied

Private and business customers continue to be extremely satisfied with Swiss Post services: overall satisfaction with Swiss Post remains unchanged from the previous year at 83 out of 100 points. This was shown in this year's customer survey of around 15,000 participants. With respect to direct contact, private customers are particularly happy, awarding Swiss Post employees an excellent score of 88 points. The result confirms that Swiss Post is

succeeding in adapting its services to customer needs. In a separate survey of private individuals throughout Switzerland, Swiss Post also determines the level of customer satisfaction with delivery quality: for the eleventh time in a row, the score reached the 90-point mark.

→ For detailed information, see page 47 of the Financial Report



## Employee survey

## High commitment despite challenges

77 percent of the 45,000 staff members who were invited took part in the employee survey, which contains questions about unit fitness, work situation and commitment. The result: despite turbulent times, Swiss Post is performing well as an employer at Group level. Satisfaction and motivation remain stable at a high level. At 80 points, employee commitment remains very high. The ratings correspond exactly to the target set by the Confederation in its capacity as the owner of Swiss Post. There is an upturn among employees of PostalNetwork, where the downward trend

of the previous year was halted. The PostMail and PostLogistics business units show stable results, while Swiss Post Solutions has continued its positive trend. Employees affected by reorganization have a more critical attitude. The results for each unit and department are analysed down to team level, and improvements are made where needed.

→ See interview with Valérie Schelker, Head of Human Resources, on page 56  
→ For detailed information on the employee survey, see page 48 of the Financial Report

## Renewable energy

## Environmentally and economically sustainable

Swiss Post is steadily increasing the share of renewable energy it consumes. It covers 100 percent of its electricity needs from local "nature-made basic"-certified sources. Of this, 10 percent is "naturemade star"-certified green electricity, which helps power the 6,000 electric scooters and other electric vehicles used for deliveries. Swiss Post is currently testing the use of used scooter batteries as energy storage units for electricity from photovoltaic systems.

### Using solar power

In 2018, the eleven Swiss Post photovoltaic systems in place at letter and parcel centers fed around 6 gigawatt hours of solar power into the grid. Three more systems on Swiss Post buildings, which produce electricity for in-house consumption, generated around 1.5 gigawatt hours of electricity. Further systems with a high share of in-house consumption are planned: most of the energy generated is used directly on-site.

### Replacing fossil fuels

In addition to using and producing renewable energy at its properties, Swiss Post focuses in particular on energy-efficient refurbishments and replaces fossil fuel heaters exclusively with heating systems that are run using renewable energy sources – such as heat pumps or pellet

heating systems. Swiss Post is also connected to the municipal thermal energy network and uses waste heat from its data centers. For gas heating, Swiss Post procures 10 percent of its total gas consumption as biogas.

→ For detailed information, see pages 23 and 51 of the Financial Report

## International Post Corporation

## Gold for the third time

For years, Swiss Post has participated in the International Post Corporation's (IPC) Environmental Measurement and Monitoring System. IPC is an association of 23 leading postal service providers from Europe, Asia-Pacific and North America. The measurement system assesses the management of postal companies with regard to climate protection. In 2018, Swiss Post was ranked in fifth place and again attained the highest rating of "Gold". For many of the relevant indicators, Swiss Post is one of the leading companies within the IPC – for example, with regard to the proportion of renewable electricity and the use of alternative drive technologies.



### Employees

Corporate responsibility strategy → p. 15–16

# 6 GWh

of solar power are fed into the grid by Swiss Post's photovoltaic systems every year.



### Procurement, Climate and energy, Circular economy



Corporate responsibility strategy → p. 15–16

PostMail

## Letters, dialogue marketing and publication solutions

Letters, small goods, promotional mailings or newspapers: Swiss Post transports consignments reliably and securely – within Switzerland and abroad. PostMail offers private and business customers high-quality products and tailored solutions, from acceptance right through to delivery. PostMail also offers a growing range of digital services.

### PostMail result

**2,721**

CHF million  
Operating income

**388**

CHF million  
Operating profit

**1,898**

In millions  
Addressed letters

**1,676**

In millions  
Unaddressed items

**97.4%**

Delivered on time  
A Mail letters

**98.9%**

Delivered on time  
B Mail letters

**14,979**

Full-time equivalents  
Headcount

PostMail achieved an operating profit of 388 million francs. This means that PostMail exceeds the previous year's figure by 18 million francs, making the largest contribution to the overall result. However, as letter volumes and the number of subscription newspapers continue their steady fall, operating income declined by 114 million francs. The good operating result nevertheless achieved by

PostMail is the result of improved and more efficient processes. PostMail has invested 23 million francs in its letter centers and in new sorting and delivery processes specifically for this purpose. Since 2014, PostMail has achieved an operating profit of over 300 million francs each year, making a substantial contribution to the Group result.



## Helping to shape change is particularly exciting and challenging.

**Jeremy Heierli**

Import Team Leader, Zurich-Mülligen international letter center

.....  
"My team and I are responsible for sorting incoming consignments from abroad. We work in two shifts from Monday to Sunday. I really enjoy the lively international environment."





Q&amp;A

**Philip Pätzold**  
Deputy Head of PostMail

**People in Switzerland are sending fewer and fewer letters. So why is Swiss Post investing millions in letter processing?**

Although volumes – and thus revenues – are declining, the demands on resources are increasing as a result of the growth in the number of households. Our mail carriers, for instance, still visit every household every day. This means that we have to increase efficiency. On top of that, changing customer habits are creating new requirements.

For example, more and more small goods are being ordered online and sent by mail. We are now responding to that with a new sorting system.

**How do customers benefit from this optimization?**

With long-term high quality at moderate prices. Sometimes also faster and better service.

**Does the automation of the letter centers mean that people will soon no longer be needed?**

There will always be consignments that need to be sorted manually. Also, the machines are operated by people. So we will always need people at our letter centers. We currently employ around 2,800 people to work in them.

Letter sorting

## State-of-the-art technology in letter processing

In the quality of its letter processing, Swiss Post is a world leader. To ensure that this remains the case in the long term, the company continually adapts its processes to changing requirements. Thanks to state-of-the-art technologies, Swiss Post offers customers the best service.

Letter customers benefit from a high level of delivery punctuality. Compared with other postal companies around the world, Swiss Post has been second to none for years. One of the reasons for this is its highly efficient letter centers: ten years after they came into operation, they are still among the most modern and highly automated in the world. In 2008, Swiss Post concentrated letter processing – which was previously distributed across multiple locations – into a small number of well-developed centers equipped with the latest technology.

**Keeping pace with change**

At the time, this modernization project – the largest in its history – was Swiss Post's response to the upcoming partial liberalization of the letter market and the increasing substitution of the letter by electronic communication media. To this day, Swiss Post continues to invest in letter processing operations and production facilities designed to keep pace with – and help shape – social and technological change. Last year, for example, it installed new systems for consignment preparation in the letter centers. In addition, platforms were constructed at the Zurich-Mülligen letter center to optimize work areas for the current goods flow and potential future developments.

**For small goods consignments: MixMail**

At the Zurich-Mülligen letter center, Swiss Post is also investing in a state-of-the-art facility designed for quicker and more cost-effective handling of small consignments volumes, which are growing due to online shopping. Starting in 2020, a new system known as Mix-Mail will guarantee high-quality processing and, in the medium term, enable the development of additional services. Swiss Post will continue to optimize letter processing in the future to ensure that customers can continue to benefit from the best service quality.

Recycling

## Letter crates repurposed

The plastic letter crates at the letter and logistics centers travel around the conveyor belts in the sorting systems thousands upon thousands of times. Over time, their contact surfaces become worn – which can lead to instability and disruption in the conveyor system. Since 2017, containers which have been taken out of service have been recycled. The bases are first carefully removed by employees of the "alfaset" workshop in La Chaux-de-Fonds, which employs people with disabilities. This results in sturdy plastic frames which are now being used by delivery staff on their rounds – as an attachment on their scooters. The frames support large-format consignments and protect them against bending.



**Circular economy,  
Corporate citizenship**  
Corporate responsibility strategy  
→ p. 15–16

Small goods shipping

## An opportunity for Swiss Post: small parcels from China

Every day, Zurich-Mülligen letter center processes tens of thousands of small goods consignments from Asia. Shopping apps like Wish are helping to ensure that international online retailing continues to boom. For Swiss Post, this presents a major opportunity.

Technology, fashion, gimmicks and gadgets: you can order it all with the shopping app Wish. With its bargain prices, the online sales platform is especially popular with the kids. Most of the goods on offer are sent directly to Switzerland by Chinese producers, with the support of Asendia's Hong Kong branch and Asendia Switzerland, a PostMail profit center.

### Swiss Post expertise for customers in Asia

"Acquiring a customer the size of Wish is a milestone for us," says Marina Bartetzko, Head of Asendia Switzerland and Deputy CEO at Asendia Management. "Our team in Hong Kong advises Wish on how the Swiss market works, assists with customs clearance and helps with choosing the right service." Swiss Post provides Wish with a premium shipping solution: from the moment they are posted, to the time they arrive at Zurich Airport, right through to the instant they are delivered to the recipients' letter boxes, the barcodes on the small consignments are scanned repeatedly, allowing seamless tracking of the entire logistics process. "Swiss Post therefore generates added value – while optimizing the use of delivery staff capacity. Small goods handling is a welcome compensation for the declining letter volumes."

### Ensuring efficiency and quality

However, the huge volumes and the dimensions of these consignments pose challenges for Swiss Post: the formats do not fit in either the letter or parcel sorting systems. To ensure that it can continue to offer efficiency and quality in the future, Swiss Post has invested in new sorting systems. "We are preparing for the future in good time," says Marina Bartetzko, "because we see no prospect of the boom coming to an end." In 2018 alone, the volume of imported small goods consignments from Asia grew by 20 percent. As a result of the Universal Postal Union's decision to gradually increase the level of remuneration for consignments from Asia until 2021, this volume-based business has also become more profitable for Swiss Post since 2018.

i

### Cross-border mail business

Swiss Post and France's La Poste conduct their cross-border shipping and delivery activities as partners in the joint venture Asendia. PostMail and Post-Logistics deliver all consignments arriving in Switzerland via Asendia branches. Asendia Hong Kong is the fastest growing branch – thanks in part to its customer Wish.



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**To win over donors today, relevant content and clear messages are what matter.**

**Ivo Feller**  
Dialogue Marketing Consultant

Dialogue marketing

## Swiss Ornithological Institute Sempach makes paper owls fly

The Swiss Ornithological Institute in Sempach monitors, researches and cares for Switzerland's native birds. Their creative mailing with a brochure and an arts-and-crafts sheet proved extremely popular – and yielded 5,000 new donors.

Who could resist the look? An owl with big, round eyes hit the emotional bullseye among the recipients of a mailing from the Swiss Ornithological Institute in Sempach. The bird graced the cover of an information brochure, including an integrated payment slip, sent by the bird conservationists to 1.5 million households throughout German-speaking Switzerland in the spring of 2018. To help recipients make the origami owl enclosed, a video tutorial was available on a specially created webpage. Families who stopped by at the institute's visitor center with their origami owl received a free drink for the children. In addition to new donors, the senders were also hoping to attract additional visitors to Sempach.

### Emotional appeal with a physical mailing

The mailing was a complete success. "With a response rate of almost 0.4 percent, we were able to gain more than 5,000 new donors," says Matthias Kestenholz, marketing director and deputy chairman of the management board of the Swiss Ornithological Institute in Sempach. "We are very satisfied and hope that our new patrons will remain loyal to us for a

long time to come." As a private charitable foundation, the Swiss Ornithological Institute – which was founded in 1924 and employs more than 100 people – relies on donations from the public.

"To attract attention and win over donors as an aid organization today, relevant content and clear messages are what matter," says Dialogue Marketing Consultant Ivo Feller, commenting on the success of the physical mailing. "And if you give recipients of donation mailings a positive emotional experience from the moment they open the envelope, you create goodwill right from the outset."

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RoboPen: the handwriting robot

## As if written by magic

Invitations to a company anniversary, thank-you cards for customer loyalty, envelopes or parcel inserts, all inscribed by machine but designed to look as if they had been written by hand – with RoboPen, Swiss Post's handwriting robot, it works like magic. The visible pressure of pen on paper and slight variations in the letters ensure an authentic script. A wide range of handwriting styles is available. On request, Swiss Post can also digitize your own handwriting. Where is the benefit for customers? "A handwritten letter or a personally written card touches the recipient emotionally," says product manager Jörg P. Maier, "even though the person reading it quickly realizes from the context that the mailing was created by a machine." Compared to ordinary print and online mailings, the response rate is up to ten times higher. Because of the elaborate production and the elegance of the handwriting, the impression of high quality persists.

### Carbon-neutral consignments

Sorting and transporting letters, parcels and goods produces CO<sub>2</sub> emissions. These can be offset with the "pro clima" mailing option. Business and private customers pay a surcharge of just a few centimes for each consignment. Swiss Post invests these surcharges in high-quality climate protection projects at home and abroad. It also sends all domestic letters and PromoPost consignments mailed by customers carbon-neutrally, covering the surcharges itself. Swiss Post also uses "pro clima" for all of its own consignments.



**Climate and energy**  
Corporate responsibility strategy  
→ p. 15–16

Services on the delivery round

## Have used goods collected with ease

Swiss Post visits more than four million households every day on its rounds. Working with partner companies, it also takes on additional tasks. In a number of pilot projects in 2018, delivery staff collected goods donated by private customers to charitable causes such as the Swiss Salvation Army (brocki.ch).

Winter coats that don't fit anymore, children's ski helmets, unused crockery: in 2018, Swiss Post collected goods such as these directly from customers' doorsteps through pilot projects run in cooperation with brocki.ch, the Swiss Salvation Army. To begin with, several thousand private households in the catchment area of brocki branches in Berne and Zurich were given carrier bags, which they could then fill and deposit next to their private letter box. Swiss Post staff transported the bags back to a delivery point, where the goods were collected by brocki.ch.

### Good response rates

"The logistics process combined with the delivery round proved to be successful, and the

response rates were encouraging," says Geneviève Wüthrich, Head of Last Mile & Business Solutions. "Our mail carriers visit over four million households throughout Switzerland six times a week. It makes sense for them to handle appropriate tasks for third parties in addition to their core business – not only from an economic point of view, but also from an environmental perspective."

Swiss Post continuously works with partners to develop practical services that make everyday life easier for customers. One service that is already well established allows customers to simply put used Nespresso capsules in a plastic bag in their letter box and have them taken away by the mail carrier.



A mail carrier collects filled brocki bags while out on her usual round.

Using textiles sustainably

## A second lease of life for Swiss Post clothes

T-shirts, jackets, skirts or trousers: old, clean Swiss Post clothes and shoes can be handed over to employees at PostMail, PostalNetwork, PostLogistics or PostBus, giving them a "second lease of life" as part of the circular economy.

In conjunction with the Swiss Red Cross in the Bern-Mittelland district, Swiss Post recycles some 15 tonnes of used work clothes every year. The clothes are sorted according to their condition. To protect trademarks, the Swiss Post label is removed. Nearly new items

are sold in "la trouvaille", a network of second-hand stores. Clothes with small defects are donated to organizations such as Swiss Mountain Aid via Tell-Text. Mountain farming families receive them free of charge.

In cooperation with SBB and Armasuisse, Swiss Post is also currently launching a trial with clothing made of biodegradable material. Instead of ending up in the bin, blouses and shirts are turned into humus in just a few months.



### Circular economy

Corporate responsibility strategy → p. 15–16



### Procurement, Circular economy

Corporate responsibility strategy → p. 15–16

PostLogistics

## Parcels, logistics solutions and digital commerce

As a leading logistics provider, Swiss Post offers its customers everything from simple parcel post and small consignment transport to complex logistics solutions within Switzerland and abroad, and all from a single source. The range of services is supplemented by solutions for digital commerce.

### PostLogistics result

**1,678**

CHF million  
Operating income

**145**

CHF million  
Operating profit

**138**

In millions  
Parcels

**5,400**

Full-time equivalents  
Headcount

**97.7%**

Delivered on time  
Economy parcels

**97.2%**

Delivered on time  
Priority parcels

PostLogistics posted operating profit of 145 million francs in 2018, which was 26 million francs higher than the previous year's level. This rise was mainly due to growth of 6.7 percent in parcel volumes, an impairment loss on assets in the previous year

and lower rent and depreciation. Operating income totalled 1,678 million francs, exceeding the previous year's total by 59 million francs. Operating expenses increased by 33 million francs year-on-year to 1,533 million francs.





## International logistics is exciting: from A for acceptance to Z for zone.

**Martina Liebi**

International Forwarding Specialist,  
PostLogistics, Dintikon

“Whether I’m organizing the transport of goods throughout Europe, calculating quotations or checking customs duties and VAT amounts: my job calls for versatility and precision. And sometimes steady nerves, when things get hectic!”



Interview

## “We are well prepared for the challenges of the future”

Parcel volumes have been increasing for years now. In this interview, Head of PostLogistics Dieter Bambauer explains what that means for Swiss Post and how his Group unit is dealing with the challenges involved.

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### Blockchain used in temperature maintenance

Medicines often need to be transported within a specific temperature range. As part of an innovation project, Swiss Post encloses a “temperature logger” with consignments, a device which continuously records the temperature in the box. When delivery staff scan the consignment, the temperature profile is read via Bluetooth and passed on to the sender, who can then check that the temperature has been maintained. To record the data, Swiss Post uses blockchain technology, which is considered particularly secure and trustworthy, as information in blockchains cannot be changed at a later point. Swiss Post is developing and testing the thermal monitoring system in conjunction with modum.io, a Swiss start-up.

### Mr Bambauer, more parcels are sent every year. Will this trend continue?

Our forecasts tell us that online retail – and thus parcel volumes – will continue to grow. At the same time, customers want to receive their orders more and more quickly, and this trend is set to hold. The demand for premium services will therefore see an above-average increase.

### What does the growth in parcel volumes mean for Swiss Post?

Operating in a growth market is both an opportunity and a challenge. It allows us to prove our excellence in a demanding environment. The logistical challenge lies in continuing to deliver the growing, highly volatile parcel volumes, while maintaining the high quality that customers are used to. That’s why we are spending more than 150 million francs on building additional regional parcel centers. At the same time, forward-looking projects such as Cargo sous terrain, in which Swiss Post is involved, are also necessary. Cargo sous terrain will one day enable parcels and small consignments to be transported underground throughout Switzerland. The first section of the network will connect the Härkingen/Niederbipp region with Zurich and is scheduled to open in 2030.

### The parcel boom is also attracting new competition. How is Swiss Post dealing with this?

Competition has always been an important indicator in the assessment of our own performance. Swiss Post has had an 80 percent share of the Swiss parcel market for years. This is the result of our unconditional quality and customer focus, and it confirms that we are on the right path with our strategy of continuously developing our services, including our use of the latest technologies. We are well prepared for the challenges of the future.



**Dieter Bambauer**  
Head of PostLogistics, Member of Executive Management

## City logistics

## The future starts here

More people, more traffic, more goods: on the streets and pavements, space is getting tight. That's why Swiss Post is testing new ideas for city logistics.

In Switzerland, more and more goods and people are on the move in the tightest of spaces, with population growth and the boom in online shopping both contributing to this. At the same time, customers want to receive their consignments more and more quickly. Swiss Post is tackling this challenge with new ideas, such as acquiring a majority stake in the start-up notime. With its specially developed software, notime can deliver orders within just a few hours using bicycle couriers, making it the market leader in Switzerland. Swiss Post worked with the start-up to test an environmentally-friendly option for bundling and delivering consignments over the last mile in Zurich: an electric vehicle transports the parcels from the distribution base to a transshipment area, known as a micro-hub, where the cyclists collect the items to deliver them to households.

For special transport services, Swiss Post is exploring new avenues: since March 2017, it has been using drones to transport labora-



tory samples between hospitals in Lugano. In spring 2018, a new route was tested in Zurich and in Berne. However, traditional parcel deliveries will not be replaced by drones – with 138 million parcels per year, delivery by our parcel carriers is more efficient.



**Climate and energy**  
Corporate responsibility  
strategy → p. 15–16

## Construction site logistics

## Ensuring that everything runs smoothly

Apartments, office buildings, warehouses: construction work is happening in Swiss cities every day. At large construction sites with limited space, the logistics processes play a particularly important role: what gets delivered and disposed of, and where? How is access to the site controlled? As the logistics provider at the major Aglaya construction site in Rotkreuz, Swiss Post is at the forefront in these matters. Aglaya is the site of Switzerland's first garden

high-rise, with 85 owner-occupied apartments under construction. In cooperation with its partner Amberg Loglay, Swiss Post provides a logistics tool, construction site personnel and equipment to ensure the precise deployment of people and materials. Swiss Post also uses in-house developments such as a software tool for managing goods lifts, cranes and forklifts.



### Increasing energy efficiency

For new buildings and modernization projects, Swiss Post is committed to the integrated and sustainable DGNB construction standard as adapted for Switzerland. It dispenses with the use of fossil fuels in all new buildings and replacement heat generation systems. In some cases, fossil fuel heaters are replaced before the end of their life for environmental reasons. Swiss Post is also making increased use of LEDs: PostLogistics is currently considering replacing the existing lighting at its distribution bases with intelligent LED lighting based on building occupation and the amount of daylight.



**Climate and energy**  
Corporate responsibility strategy → p. 15–16

Regional parcel centers

## More direct routes for parcels

Swiss Post is gearing up for the future of parcel processing: by 2020, it will invest more than 150 million francs in the construction of three new regional parcel centers, responding to the growth in the sector and rising demand for fast shipments.

Online retail is growing strongly, and so in turn are parcel volumes: in 2008, Swiss Post delivered just 104 million parcels. In 2018, this figure had risen to 138 million, and the growth is set to continue. At the same time, the proportion of parcels delivered by the following day (Priority) has been increasing markedly for several years. Swiss Post identified these trends early and responded by expanding its three large parcel centers, Daillens (Vaud), Härkingen (Solothurn) and Frauenfeld (Thurgau) between 2014 and 2016. With the resulting 25% increase in sorting capacity, the growing volumes can be managed until 2020.

### More direct routes

For the growth expected after 2020, Swiss Post is taking another step: building three new regional parcel centers in Ticino (Cadenazzo), Valais (Vétroz) and Graubünden (Untervaz). From 2020 onwards, these new facilities will ease the pressure at the three major parcel centers. They will be linked to each other and to the major centers by a direct transport network. Parcels which are posted in each of

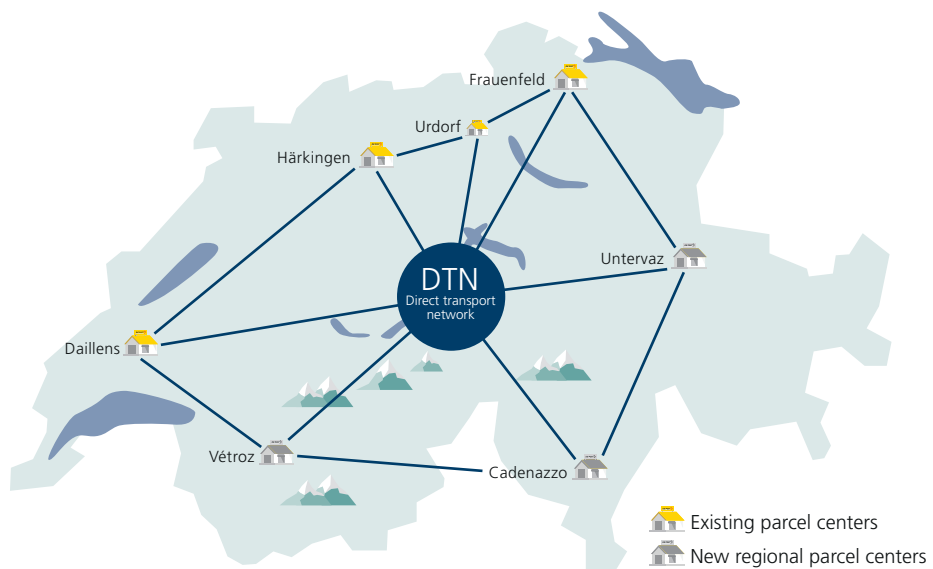
these regions and are addressed to recipients in the same region will in future be sorted locally. This means they will no longer have to pass through the major parcel centers, as is the case at present. Thanks to the shorter transport routes, business customers will be able to post parcels later in the day. In addition, strain on Switzerland's transport infrastructure will be eased.

### Value added for the regions

By partially transferring parcel logistics to the different regions, Swiss Post is securing jobs in those locations and contributing to an increase in value added. And sustainability has been made a priority: photovoltaic systems will be installed at all new centers. Additional parcel centers in other regions may follow in the coming years, although no decision has yet been taken.



**Climate and energy**  
Corporate responsibility strategy  
→ p. 15–16



Starting in 2020, the new regional parcel centers in Cadenazzo, Vétroz and Untervaz will ease the pressure on the three existing parcel centers in Härkingen, Daillens and Frauenfeld.



E-commerce

## Logistics solutions from a single source

Baby clothing, furniture, dishes – and of course coffee: all this and much more besides can be ordered online at Tchibo. Swiss Post offers retailers services ranging from shipping and customs clearance to returns management.

With its slogan “A new world every week”, tchibo.ch makes online shopping fun. Raincoats, laundry baskets and garden lamps can all be ordered at the click of a mouse. Customers in Switzerland have their goods delivered from Germany within just a few days. Swiss Post takes care of delivering the parcels – but not only that. “We handle all processes involved in customs clearance, import and export – both for delivery to Switzerland and for returns management,” says Thomas Merz, Key Account Manager at PostLogistics.

Because what happens if the trousers you ordered are too tight, or if you don't like the product? Swiss Post steps in again. At the Pfungen logistics center, trained Swiss Post staff scan and open parcels with a return label to check their contents. Cardboard boxes and defective goods are disposed of. Returns that are in good condition are taken back to Germany by the same trucks that bring new products to Switzerland – whenever possible. Swiss Post works constantly on its processes, optimizing trips from both an environmental and economical perspective.

### The convenient installation service

That you don't want to simply tuck a sofa bed under your arm at a branch of Tchibo and carry it home goes without saying. Especially considering that Swiss Post can deliver it directly to your living room on the date you specify. This installation service is becoming an increasingly important mainstay. Swiss Post staff can also assemble wall units, deliver, unpack and program television sets, or set your washing machine up. Retailers do not require their own vehicle fleet or any additional staff – and the recipients of the goods enjoy the convenience.

### Overnight branch deliveries

“With its reliable and versatile logistics solutions from a single source, Swiss Post provides us with real added value,” says Jürg Bodenmann, CEO of Tchibo (Switzerland) Ltd. “This enables us to focus on creating our new product ranges week after week.” Swiss Post uses its delivery vehicles to distribute products to Tchibo branches and shop-in-shop depots at Coop, Spar and Volg. All of this happens overnight, so that the goods can be prepared before stores open – and entice high-street customers, too.

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### Mail Order Regulation 2019

From 2019, mail order companies abroad will be subject to VAT if their annual turnover from small consignments to Swiss customers exceeds 100,000 francs. The newly taxable companies must register with the Federal Tax Administration (FTA) – and with Swiss Post, which provides legally- and tax-compliant customs clearance and billing services and furnishes the parties with the correct records and documents. Swiss Post has adapted its systems accordingly, in consultation with the relevant authorities.

PostalNetwork

## Wide range of access points: at home, on the move or digitally

Whether at their front door, on the move or digitally, Swiss Post wants to be right where its customers are, and offer the best possible universal service for all regions and generations, now and in the future. By 2020, it will expand its network to more than 4,200 access points – including new service points, business customer points and My Post 24 terminals. The self-operated branches are gradually being modernized and redesigned.

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### PostalNetwork result

**1,045**

CHF million  
**Operating income**

**-94**

CHF million  
**Operating profit**

**3,903**

Number  
**Access points**

**4,753**

Full-time equivalents  
**Headcount**

Thanks to network development and the consistent adaptation of resources to meet volume trends, combined with efficiency increases, PostalNetwork improved its operating result by 65 million francs, reducing the deficit to 94 million francs. However, at 1,045 million francs, operating income was down by 57 million francs year-on-year. The decline

in operating income can be attributed to another marked fall in over-the-counter transactions and letter volumes (-2 percent) and in payment transactions (-6 percent). Net revenue from resale merchandise in branches also declined by 36 million francs due to adjustments to the range.



**Thanks to the new  
branch concept,  
we are much closer  
to our customers.**

**Alessandra Spina**  
Head of Ecublens branch

“We test new services in the self-service area, and at the advice counter we explain to customers how they can use Swiss Post’s digital services. It’s a lot of fun.”





Network development

## “The restructuring is having the desired effect”

In October 2016, Swiss Post announced that the postal network would be expanded by 400 access points by 2020, while the number of self-operated branches would be reduced. Thomas Baur, Head of Postal-Network, takes stock at the halfway mark.

# 2,139

is the total number of **branches** operated by Swiss Post, of which 1,078 are self-operated and 1,061 are branches with partners.

# 423

**service points** such as My Post 24 terminals and business customer points are available to customers throughout Switzerland.

# 1,341

localities are covered by the **home delivery service**.

**Mr Baur, in autumn 2016, you announced your plans for the network transformation as far as 2020 and promised to increase the number of access points to at least 4,200. How much progress has Swiss Post made?**

The results of the restructuring of the postal network are encouraging: we are on course and will achieve our goal. In May 2018, we opened our thousandth branch with partner, and there are now 1,061 branches based on this model. But we are only at the halfway mark – around 300 more branches with partners will be added in the next two years.

**You promised not only transparency, but also dialogue...**

We have conducted an intensive, open dialogue with the public and the authorities. We held more than 550 meetings to find out the needs of the cantons, regions and municipalities. We're aware of the fact that the restructuring of the postal network is a sensitive issue – especially in rural areas. That's why we have organized more than 270 information events for the general public since 2016.

**How do the dialogue partners benefit from the discussions with Swiss Post?**

They can contribute to finding a solution. We are open and unbiased in our approach to the discussions, without any fixed plans. No branches will be closed without replacement.

We always offer an alternative, to ensure that Swiss Post can be right where people live and work. More than 80 percent of the branch transformations to date have been implemented in agreement with the local authorities.

**The number of self-operated branches is being cut back to 800 or 900, and yet Swiss Post is talking about expanding the network. Isn't that a contradiction?**

No, not at all. The postal network is made up of a mix of access points, and the self-operated branches are its backbone. Branches with partners are also part of this mix. And they have proved very successful. Altogether, we will have more branches in the future. And then there are districts with home delivery service, and additional service points such as My Post 24 terminals. All told, that will add up to 4,200 access points in 2020, as opposed to 3,800 in 2016. Month after month, we are getting closer to our customers.

**But a branch with partner cannot truly replace a self-operated branch...**

97 percent of postal services can be handled at a branch with partner. Cash inpayments – one of the few exceptions – are not possible because of the Anti-Money Laundering Act. We have found an alternative solution: cash inpayments can be made at the doorstep, directly with delivery staff.





## Service points

## Send and collect parcels at Migros branches

Customers will soon be able to drop off and pick up parcels at numerous Migros branches. In 2019, Swiss Post and Migros will work together to set up around 400 service points. Swiss Post believes that this strategic partnership will bring it even closer to its customers: "By providing new service points at Migros and expanding the network of My Post 24 terminals, we are creating new customer-friendly access points," explains Ueli Lüdi, Head of Network Management. The additional service points are also important in terms of managing the steadily increasing parcel volumes.



**We are closer to our customers and dedicated to providing greater convenience.**

**Ueli Lüdi**  
Head of Network Management

### Do you see any economic improvement as a result of the restructuring?

The restructuring is having the desired effect. We have achieved our objective of stabilizing the deficit in the postal network, and in fact reduced it by 65 million francs. So we are doing very well. Just as before, our objective is not to break even. Our goal is to continue financing the universal service from our own resources in the future – in other words, without subsidies.



**Thomas Baur**  
Head of PostalNetwork and Member of Executive Management

## SME business customers

## Targeted support for SMEs

Swiss Post aims to provide its SME business customers with even more targeted and efficient support. To this end, it set up a dedicated new sales organization in 2018. The first point of contact is the SME Contact Center, where employees respond to business customers' support requests by telephone and e-mail. In addition, Swiss Post sales staff actively develop the market through phone and digital channels. A team of specialists also analyses existing customer data, using this as a basis for offering tailor-made solutions to SME business customers. And the digital self-service options for SMEs are also being expanded.

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### New services – easy and convenient

Customers can now order extracts from the debt collection register at counters in all self-operated branches. At nine selected branches, Swiss Post is also testing a self-service solution for paying bills with the Post-Finance Card or a debit card. Another service currently in the test phase is a mailbox which is located in the self-service area of the branch and is designed to make sending pre-franked parcels easier.

Self-operated branches

## Branches are still important

Swiss Post wants to increase the levels of personal advice available to customers at its self-operated branches. To create the right environment for this, around 300 branches will be completely or partially redesigned, converted and renovated as part of an initial development project over the next four years.

Social trends such as growing digitization and increasingly mobile customers do not go unnoticed at the branches. Swiss Post is clearly committed to a network of self-operated branches and is therefore developing them consistently. It makes every effort to adapt to changing customer habits and to meet customers' everyday requirements with its digital products and services.

"Personal customer contact is Swiss Post's strength, and in particular the strength of its self-operated branches, and this will not change," says Thomas Baur, Head of Postal-Network. "That's why we want to create a more pleasant environment for discussions in our branches and make them more suitable for consultation." In an increasingly digitized world, personal contact is becoming increasingly valuable: it helps people find their way. This is particularly true for people who have difficulty getting to grips with the new options by themselves. "Our branches are the place where we can offer our customers both

physical and digital solutions, and where our well-trained employees can showcase the diversity of Swiss Post's services and products," says Baur.

### Open, bright, pleasant

To create the ideal environment for advising customers, the branches are being renovated and modernized. Some branches will be completely converted and modernized, others partially. Their energy efficiency will also be optimized. The counters are largely open and are complemented by an advice counter, a comprehensive self-service and information area, and various other themed areas.

At the advice counter, employees explain the products to customers and show them how to conduct their postal transactions efficiently at any time of day, even away from the branch – be it by mobile app, on the Internet or at a My Post 24 terminal.




—  —  
**We help our customers to find their way in the digital world.**

**Thomas Baur**  
Head of PostalNetwork and  
Member of Executive Management

In the self-service area, customers can take care of their postal transactions quickly, while the themed areas offer interesting information about Swiss Post's many and varied services. In some redesigned branches, the youngest customers will find a play area with a children's post office produced by social institution Argo, where they can entertain themselves while their parents seek advice on services.

**A clear commitment**

In 2017, Swiss Post tested the new design concept for self-operated branches in Interlaken. Since then, it has been optimized and implemented in other branches. Some 300 additional locations are scheduled for modernization by 2022. Swiss Post is investing around 40 million francs in these efforts, thus sending a clear signal: self-operated branches will continue to be important in the future.

 **Corporate citizenship**  
Corporate responsibility strategy  
→ p. 15–16




Philately

**Postage stamps create added value for culture and social projects**



To celebrate the centenary of Pro Senectute, Swiss Post issued a special stamp with surcharge which honoured the organization's commitment. The stamp depicts the dialogue between old and young. The exchange of memories, values and experience is illustrated with symbols.

This is just one of many examples of how the sale of special stamps with surcharge can help do good: by issuing these stamps, Swiss Post directly supports organizations with a cultural or social background, such as Pro Juventute or Pro Patria. Seemingly small amounts have a big impact for the institutions and projects that benefit, including language exchange programmes for young people, the children's circus Robinson, and Limita, the office for the prevention of sexual exploitation of people with disabilities. In 2018, Swiss Music Archives, an association that works to preserve Swiss popular culture and make it accessible to the public, also received support.

 **Corporate citizenship**  
Corporate responsibility strategy  
→ p. 15–16

Swiss Post Solutions

## Document solutions and business process outsourcing

Swiss Post Solutions supports companies on their path to digital transformation, with solutions for the outsourcing of complete business processes, innovative document solution services and the latest technologies for secure, efficient electronic communication. Its more than 7,000 employees and specialist partners serve customers in nearly every sector – and in more than 20 countries.

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### Swiss Post Solutions result

**583**CHF million  
**Operating income****31**CHF million  
**Operating profit****6,789**Full-time equivalents  
**Headcount**

In 2018, Swiss Post Solutions generated operating profit of 31 million francs. Operating profit was up 6 million francs year-on-year, and has thus been rising continuously for five years. At 583 million

francs, operating income was up 32 million francs on the previous year. Growth was sustained by good new business.



**SPS is traditionally  
Swiss and yet  
also international.  
That's inspiring.**

**Hanh Vu**

Financial Controller Document Input,  
Swiss Post Solutions, Switzerland

.....  
"I'm responsible for preparing budgets  
and forecasts, and controlling for various  
larger projects. I like working with numbers  
and getting deeply immersed in projects."





**Jörg Vollmer**  
Head of Swiss Post Solutions and  
Member of Executive Management



**At the halfway  
point in the  
strategy period,  
Swiss Post  
Solutions is  
fully on track.**

Interview

## “We support our customers as a partner in their digital transformation”

In 2018, Swiss Post Solutions further strengthened its leading position in document solutions and acquired numerous new customers. Jörg Vollmer, Head of Swiss Post Solutions, identifies discerning customers and committed employees as the most important factors for success.

**Mr Vollmer, when you look at the strategic goals of Swiss Post Solutions, how do you view the Group unit’s current progress?**

At the halfway point in our strategy period, we’re fully on track. Swiss Post Solutions is growing rapidly and with attractive profitability, strengthening its leading position in document solutions in its target markets. In 2018, we also expanded our business with existing customers and acquired numerous new customers. In the banking, insurance, telecommunications and healthcare services sectors in particular, we have succeeded in creating an excellent baseline.

**What do you regard as the most important factors in this success?**

Customers and employees are our most important success factors. Particularly in terms of customer satisfaction, our values are again well above the industry average. 73 percent of customers surveyed awarded the maximum score when asked whether they would recommend us to others. This result is confirmed by our contract renewal rate of over 95 percent. Such positive ratings from customers are only possible because we have motivated and committed employees. For the third year in a row, Swiss Post Solutions continued to gain in employee satisfaction, and we achieved 81 points in customer orientation.

**To what extent do new technologies play a role – after all, the focus of the business strategy is on the digital transformation?**

We support our customers in their digital transformation: from the processing of incoming and outgoing omnichannel communication (physical and digital) to the automated processing of business processes. Technologies

play an increasingly important role in these activities, which is why we already employ several hundred IT specialists worldwide. It is especially exciting when we can combine employees, process expertise and technology and offer standardized solutions and platforms that can be used by a large number of customers.

**Do you have specific examples of this?**

In our Banking Service Center, we handle paper-based payment transactions for 13 banks in Switzerland. 70 million inpayment slips are scanned, read and processed on a platform with our own software and by employees we can deploy flexibly. Another example is our Payroll Factory in Germany, where we produce around 7 million payslips for a large number of customers – all on one system and using a uniform process. This is also our approach to continuing to expand our global document processing platform.

**Swiss Post Solutions is a success story for Swiss Post...**

You might say that. We once again increased our profit before interest and taxes by 20 percent year-on-year – and our sales by 7 percent, thanks to innovative projects in document solutions and business processing. That means that we generate the highest return on sales in our global comparison group and that we are perfectly positioned. I’m looking forward to the future.



Digitization

## All-in solution for administrative HR management

Travel expenses, salaries, HR planning and more: with its Payroll Factory, Swiss Post Solutions (SPS) offers human resources solutions that excel thanks to their high degree of automation and standardization.

In the age of digitization, it often becomes clear that HR processes are less standardized than others and prone to system discontinuities. This is reflected in the manual effort required of employees: unstructured HR processes lead to longer processing times and more frequent errors.

Since June 2018, Swiss Post Solutions has been able to provide a remedy for these issues. Through its acquisition of the business process outsourcing operations at IT service provider DXC Technology in Germany, Austria and Hungary, Swiss Post Solutions can now use the Payroll Factory to take on full payroll accounting, travel expense management and document processing.

### Less effort and risk

"In strategic terms, these tailor-made services and high-performance all-in solutions are the perfect complement to our portfolio," says Jörg Vollmer, Head of Swiss Post Solutions. The Swiss Post Group unit guarantees its customers secure and flexible processing, as well as highly automated and standardized processes. The services can be scaled individually based

on the customer's requirements. Further human resources modules and services can be added – up to and including the all-in service model. "What's important for our customers is that we keep the solution up to date at all times," stresses Vollmer. "This means that adherence to legal requirements is guaranteed and new regulations and compliance requirements are implemented proactively. We also invest continuously in modern systems and technologies."

### Shorter processing times

These solutions take a great deal of strain off HR departments. For employees, for example, mobile travel expense apps mean faster processing and payment of their expenses. "But the Payroll Factory can do a lot more than handling payslips and travel expenses," says Vollmer. "It also offers solutions for time management, HR planning and applicant management." Not to mention the digital HR file, which can be accessed simultaneously and from any location – and which is replacing space-consuming "cabinetware" in more and more companies.

# 7 million

payslips and around half a million travel expense invoices are processed annually by Swiss Post Solutions.

# 500

customers trust the services provided by Swiss Post Solutions in this market.

PostFinance

## Payments, savings, investments, retirement planning, financing

PostFinance is one of Switzerland's leading retail financial institutions and, as the market leader in payment transactions, ensures a seamless daily flow of liquidity. With simple, straightforward services, it is the ideal partner for anyone who manages their own finances, anytime and anywhere. Thanks to its strong brand, it is seen as an attractive provider of financial services. This also benefits its customers, because a strong brand inspires confidence and provides focus and security.

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### PostFinance result

**1,704**

CHF million  
**Operating income**

**220**

CHF million  
**Operating profit**

**4,503**

In thousands  
**Customer accounts**

**-822**

CHF million  
**Development of customer deposits**

**119**

CHF billion  
**Average customer assets**

**3,333**

Full-time equivalents  
**Headcount**

PostFinance's operating result fell from 549 million francs in the previous year to 220 million francs. Operating income was down 372 million francs to 1,704 million francs. This is mainly due to non-recurring one-off capital gains of 109 million francs from the sale of shares in the previous year and the current market-related lower interest and div-

idend income, which decreased by 155 million francs. PostFinance has initiated various measures to counteract the decline in profit. However, the lifting of the lending prohibition is the key factor in ensuring PostFinance's long-term profitability and competitiveness.





## Digitization is fundamentally changing the way we communicate with our stakeholders.

**Andrea Schweizer**

Head of Corporate Communication,  
PostFinance, Berne

.....  
"As Head of Corporate Communication, I am responsible for internal communication and public relations at PostFinance. I am particularly enthusiastic about dialogue with our diverse stakeholders."





Q&amp;A

**Hansruedi Köng**  
Head of PostFinance

### What was PostFinance's annual result for 2018?

We saw a significant decline in profits. This was mainly due to a significant drop in income from the interest differential business and to a one-off item in the previous year. Interest rates, which are still very low, and the prohibition on lending are causing difficulties for us.

### The Federal Council now wants to lift the lending prohibition. What does that mean for PostFinance?

This is a policy decision that has yet to be approved by Parliament. It is likely to take several more years at best before the lending prohibition is lifted and we see a positive effect on our earnings.

### What are you doing to halt the downward trend?

We are forced to implement unpopular measures, such as reducing staff numbers and increasing fees. That's always painful. At the same time, we are investing in the future of PostFinance by moving into new business areas and substantially expanding our digital investment business. Our aim is to convert more savings customers into investment customers.



Financial investment

## No one is too small to be an investor

Anyone looking to save money over the medium and long term is well served by the funds on offer from PostFinance. They allow private individuals to become investors, even with relatively small amounts of money and without a great deal of risk. There are around 50 products on offer, regularly and carefully reviewed by PostFinance in conjunction with external partners.

Marc is enjoying a day at home with his son Leon. Together, they are looking at photos of Leon as a baby and talking about his birth. Back then, Marc was already anxious to provide proper security for his offspring, including in financial matters. To give Leon a little starting capital on the road to independence later in life, he opted for a funds saving plan from PostFinance. Every three months, he pays in 100 francs. When Leon is of age, he will be able to use the money to take his driving test, and will no doubt have enough left for some travelling.

Susanne is in her mid-40s and wants to maintain her standard of living when she retires. She's a teacher, and she's been paying the maximum amount into a retirement savings account 3a for years. Recently, however, she's been taking a closer look at the topic

of retirement provision. Her father is retired and discusses many of the financial aspects of the third phase of life with his daughter. He advises Susanne to invest her retirement capital in funds. "Your money can work for you there," he says. "Instead of just lying around dormant somewhere." Susanne decides to invest the money from her 3a account in a retirement fund. At PostFinance, she can choose from three products with different equity weightings.

These two examples illustrate that investing is not rocket science and that you don't need a fortune to do it. "The funds saving plan is a good solution for anyone who wants to build up their assets in the medium to long term by putting money aside on a regular basis," says Daniel Mewes, Head of Investment Solutions at PostFinance. But why funds, rather than any-

thing else? A fund is a collection of different shares, bonds or real estate. Every financial investment is subject to fluctuations in value. If you invest in a pooled pot of different securities, the likelihood of you losing your savings is much lower – because usually, securities don't all lose value at the same time.

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## As a rule, you can achieve better returns in the long term with funds than with your savings account.

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### How do you find the right product?

In the investment world, there are thousands of funds. Trying to understand them and choosing the best product is time-consuming and difficult for private individuals. For this reason, PostFinance has worked with external partners to compile an initial selection and of-

fers around 50 different funds – both in-house and from third parties. The range on offer from PostFinance covers a wide array of investment options, including funds arranged in categories such as sector, region, sustainability, index, real estate and commodity, and also bonds and convertibles. Investments can be tailored to individual requirements and wishes, depending on whether the investor is conservative in outlook or more willing to take risks, can afford to commit more money or less, or wishes to invest particularly sustainably. "If you opt for the funds saving plan, you should have an investment horizon of at least five years," says Daniel Mewes. Fund units at PostFinance are easy to purchase and manage using online banking. Anyone interested can also arrange a personal consultation at any time. A good way to prepare for this is to determine your personal investor profile using an online tool available on the PostFinance website.

All of these considerations may be lost on Marc's son Leon at the moment. But one day, he will be able to reap the fruits his father has sown. And Susanne is also pleased that her money will work harder in the future than it has in the past – and that she may well be able to afford a little more in her retirement than she previously thought.

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### Shares, derivatives, dividends

The PostFinance website is a useful source of information about investment, offering a great deal of articles and videos which provide clear and simple explanations. It helps beginners to learn how to avoid investment mistakes and describes the most important terms used on the financial trading floor. For more advanced investors, the platform offers specialist knowledge on various topics – for example, the core satellite strategy or small and mid caps. Anyone who would like to receive regular information about investments can subscribe to the newsletter. And if you feel up to it, there is a simple electronic option for purchasing whichever investment solution best suits your needs.

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Sustainable investment solutions

## Invest with a clear conscience

Fairtrade, environmental protection, social responsibility: as consumers, more and more people are prioritizing these criteria and wanting to invest their money in sustainable options. There are two ways to do this: you can either buy shares in companies that are committed to sustainability, or you can invest in funds that hold the securities of such companies in their portfolio. Companies' sustainability credentials are usually evaluated based on ESG (environmental, social and governance) criteria. Specifically, they are used to examine whether companies invest in renewable energy, use energy and raw materials efficiently

and are environmentally sound in their production. The social aspects focus on topics including fair working conditions and workers' rights, such as the ban on child and forced labour. In terms of corporate governance, key criteria are the prevention of corruption and bribery and the approach to whistle-blowing. PostFinance offers a range of funds classified as sustainable funds.



### Climate and energy

Corporate responsibility strategy

→ p. 15–16

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**Thanks to our committed team and careful planning, the implementation was extremely successful.**

**Beat Jaccottet**  
Head of Business Development

Core banking system

## PostFinance lays the foundation for the digital future

After adapting more than 60 applications and hundreds of interfaces, simulating tens of thousands of test cases over many months and rehearsing the go-live around the clock several times, the moment of truth finally arrived at Easter 2018 – PostFinance introduced its new core banking system.

In 2018, PostFinance completed the largest project it has ever undertaken: the replacement of its core banking system. This means that an important foundation stone for the digital future is now in place. In the age of digitization, ongoing development of IT infrastructure is key to every company. For this reason, PostFinance decided some years ago to replace its tried-and-tested – albeit ageing – core banking system with state-of-the-art standard software.

The financial institution is thus investing specifically in its capacity for performance and innovation and has established the framework that will allow its customers to benefit more quickly from digital products and services in the future.

### Open-heart surgery

For a financial institution, a replacement of the core banking system during ongoing operations is like open-heart surgery: all functions

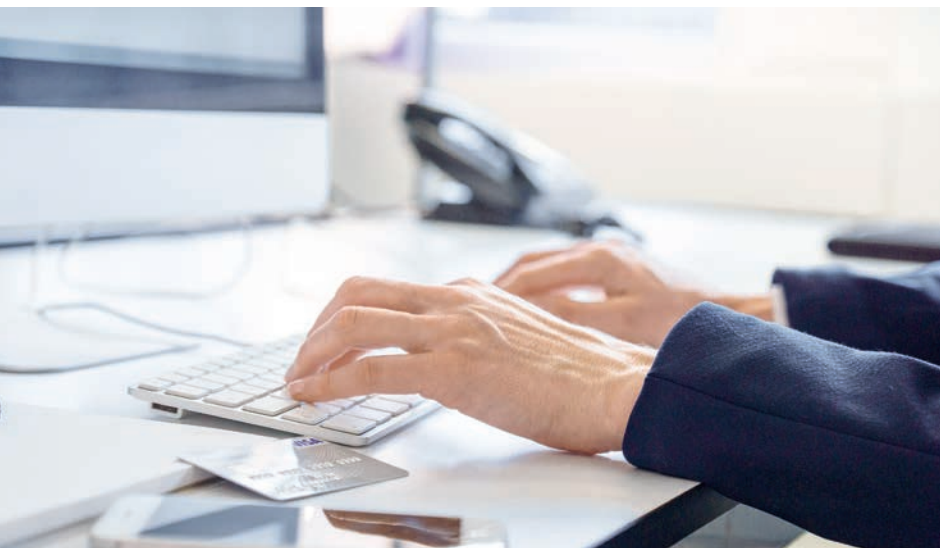
must continue to run seamlessly, and the changeover should go completely unnoticed by customers. PostFinance chose Easter weekend 2018 for the changeover because it fell at the end of a quarter and because, with four days free of transactions, it also had enough time to put the new solution into operation securely, stably and with the necessary reserves.

### Meticulously prepared

More than 60 applications and 450 interfaces had to be adapted, and more than one billion data records had to be migrated correctly. To ensure the smoothest possible operation for its customers, the teams responsible at PostFinance prepared meticulously for the changeover in the months leading up to implementation. More than 50,000 test cases were simulated, and the changeover was rehearsed four times in real time in the preceding months. More than 3,000 employees were trained on the new systems, undergoing intensive, practice-oriented training cycles. On the evening of Maundy Thursday came the moment of truth: working around the clock over the next four days, some 400 employees completed 3,000 tasks in a well-defined sequence.

To ensure that it was well prepared for the first weeks of operation, PostFinance also established an “Early Life Support” team with the capacity to respond quickly to any errors occurring after implementation.

Thanks to careful planning, a highly motivated team, professional work on the part of everyone involved and clear support from top management, PostFinance implemented the major project at Easter 2018 within budget and on time, marking the successful completion of the largest project the bank has ever undertaken. An achievement that PostFinance can be proud of.



## Blockchain

## Simple and efficient electricity billing

PostFinance is following the development of blockchain technology with great interest. In 2018, together with Energie Wasser Bern (ewb), it launched the blockchain-based pilot project “B4U” for simple and efficient electricity billing.

PostFinance’s innovation lab, which was founded in 2015 and now has eight employees, develops projects that support the digital transformation – some outside its core business. Blockchain technology is one of the focal points: how can it be harnessed for novel business models? How can it be used profitably in the accounting of goods and services? This is where the pilot project “Blockchain for Utility”, or “B4U”, developed in cooperation with Energie Wasser Bern (ewb), comes in. The goal is to simplify energy billing for customers, such as homeowners with solar generators.

### Decentralized, efficient and secure

“Until now, electricity could only be billed by the central energy provider,” says PostFinance project manager Matthias Egli, explaining the background to the project. “Due to the energy act that came into force in 2018, homeowners with photovoltaic systems are now allowed to use the electricity they produce themselves

directly, and to charge their tenants for it. To make billing economically viable and efficient, an automated process is required.”

Working with ewb, PostFinance developed a solution that enables simple and efficient billing. It links intelligent electricity meters in households to the blockchain, which automatically records consumption and production data and uses it for billing. “It allows us to provide our customers with a secure, efficient tool that can also be easily linked to their PostFinance account,” says Matthias Egli.

### Investigating other uses

For PostFinance, the “B4U” pilot project launched in 2018 is an opportunity to gain experience with blockchain-based payment and billing solutions – and if the test proves successful, it will look for other opportunities for use outside the energy sector.

## Online security

## PostFinance covers financial damages

Many PostFinance customers still carry out their banking transactions non-digitally. PostFinance wants to reduce the share of these customers and support them in their transition from the analogue to the digital world. The goal is “digital banking – easy and for everyone”.

In addition to the numerous advantages of online banking, there are also hurdles that prevent customers from making the switch to

digital, such as the fear of becoming victims of cybercrime. This is where PostFinance’s new performance pledge comes in: it is the first bank in Switzerland to actively pledge to its customers that it will fully cover any financial damages they suffer in e-finance and the PostFinance App as a result of phishing or malware attacks, up to a sum of 100,000 francs per case.



**Innovation is more important than ever in the banking business.**

**Matthias Egli**  
Strategy Manager

PostBus

## Bus company in regional passenger transport

PostBus aims to offer its passengers high-quality regional passenger transport. The company strives to identify its customers' changing requirements at an early stage and to develop and provide suitable products and services in good time.

### PostBus result

**954**

CHF million  
Operating income

**-58**

CHF million  
Operating profit

**156**

In millions  
Domestic passengers

**120**

In millions of km  
Domestic vehicle kilometres

**2,412**

Number  
Vehicles

**3,354**

Full-time equivalents  
Headcount

PostBus has repaid the unlawfully received subsidies to the Confederation and the cantons. A large part of the repayment amount was recognized under retained earnings as at 1 January 2017. The operating result continued to be impacted by the repayments in 2018, which fell by 77 million francs to -58 million francs. Impairment losses on intangible assets

(20 million francs) and the settlement of a legal dispute in France (7 million francs) also weighed on the operating result in 2018. The 29 million franc increase in operating income was mainly due to the expansion of services and associated higher passenger revenue.





**For me, the best thing is the daily contact with people from all over the world.**

**Thomas Lüthi**

PostBus driver/in-house and practical trainer, Bernese Oberland

“As a PostBus driver, I’m out and about on the roads of the Bernese Oberland every day. As an in-house trainer, I’m also happy take care of training my colleagues in new equipment – for example, devices for selling tickets in the driver’s cabin.”





**Christian Plüss**  
Head of PostBus and Member  
of Executive Management



**We want to re-gain the trust of customers, policymakers and passengers.**

Interview

## “PostBus is a strong brand and deserves full commitment”

In November 2018, Christian Plüss, the new Head of PostBus, assumed responsibility for the largest bus company in Switzerland. In his new role, he is taking over the reins of a traditional Swiss company emerging from difficult times. Here’s a snapshot of the occasion.

### Mr Plüss, how have you found your first few months as Head of PostBus?

PostBus and its employees have had a very difficult time recently. The damage to our reputation among the general public and within the company itself is palpable. Nevertheless, I have now met many employees who put their heart and soul into making sure that things run smoothly every day – whether it’s behind the wheel, at headquarters or in regional administration. I am very pleased with their tremendous focus on service.

### What goals do you want to achieve with PostBus in your first year?

We want to regain the trust of customers, policymakers and passengers. That’s the primary goal. To achieve this, we need a high level of transparency within the company, vis-à-vis the public and our customers, and in our cooperation with the PostBus operators.

Secondly, we want to establish a new culture of cooperation. Open dialogue with regular feedback is important to me. That’s why we launched the PostBus #EnRoute initiative, which takes us to all districts in an effort to engage in dialogue with our employees. By the same token, I want to intensify our contact with customers.

The third goal concerns tenders. As an example: in 2019, the routes in the Canton of Jura will be tendered out, with an order volume of over 20 million francs. We want to use our strengths to their best advantage and win over the procurers with our excellent quality, competitive prices and complete transparency. We will do our utmost to maintain our market position in regional passenger transport and continue to grow in individual areas.

### Those are ambitious goals. What is your recipe for success?

PostBus is one of the best-known brands in the country and a positive symbol of Switzerland. As one of the largest public transport companies in Switzerland, we are vital to the public service. This reorientation enables us to establish more efficient processes and a new culture of cooperation. We want to work with our employees to find new solutions and play an active role in shaping the challenges facing the sector.

→ For more information on the PostBus investigation, see page 2

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Rail replacement

## PostBus is a strategic partner of SBB

When services in the railway network are disrupted as a result of failures or planned construction work, buses are often used to transport passengers. Since 2018, SBB has been relying on PostBus as a strategic rail replacement partner in nine regions: a major success for the bus company.

Other railway companies have also called on PostBus services during construction work in 2018. For example, the PostBus region of Northern Switzerland won a tender put out by the Aargau company BDWM Transport AG to carry passengers between Bremgarten West and Wohlen for five weeks during the summer holidays. For almost two weeks in October, the PostBus region of Valais ran replacement services for Matterhorn Gotthard Bahn (MGB) during infrastructure work. In a major operation in autumn, PostBus provided replacement services for trains on the Interlaken Ost–Brienz line, which was completely closed for eight weeks.



PostBus App

## Every means of transport in a single app

The PostBus App, upgraded in March 2018, covers all public transport in Switzerland, displays car, ride and bike sharing services and links mobility services as required by the user.

Sandro is planning a journey from Belpstrasse 37 in Berne to Burgdorf. He needs it to be as fast as possible – and doesn't mind what means of transport he takes. By taking a taxi to the station and then catching a train, he can manage the trip in 24 minutes. It will take two minutes longer if he travels to the station by tram instead. Sandro knows all this information thanks to the PostBus App, which displays a range of suggestions he can filter according to his preferences. He can choose the cheapest, the next or the fastest connection. Above all, however, the app combines public transport timetables with other services, including PubliBike, Mobility, Catch a Car, Sharoo, ParkU, go! Taxi and Fliinc. Users can also integrate their own bike, their own car or a footpath when planning their trip.

### Multimodal travel companion

Since the update, it has been possible to combine various modes of transport with a single app, giving customers clear added value. The PostBus App also works as a ticket machine: customers can use it to buy electronic tickets not just for local fare networks, but for all public transport throughout Switzerland.

Whether for weekend outings or the daily commute – the app shows the route that really works. If you use the same routes frequently, you can save them as favourite connections.

Right on the start screen, customers can see when they need to leave their current location to make their connections on time. The Alarm button uses push messages to notify users about disruptions or delays on a planned public transport route.

PubliBike

## Straightforward bike rental

Do you want to go shopping at the Wankdorf Center in Berne after visiting Dählhölzli Zoo? Or go from one meeting at the Swiss Federal Institute of Technology Zurich to another in Zurich-Oerlikon? In Berne and Zurich, anyone who wants to use an e-bike or bicycle to get from A to B and doesn't have their own with them can borrow a PubliBike. Once you register with the free PubliBike app, it's straightforward and spontaneous. The rental station (including the type and number of bicycles) is displayed on a map in real time. At the station, the customer simply holds their smartphone to the lock, and off they go. At their destination, they park the bike at the station and lock it. And that's all there is to it. If the customer has a subscription, it is valid in eight PubliBike networks throughout Switzerland. At least half of the vehicles at each station are e-bikes.

The biggest networks are "Velo Bern" and "Züri Velo". In Berne, the network will be expanded to 200 rental stations with 2,400 bicycles by 2020. In Zurich, there will be around 150 stations with 2,250 bicycles by 2019.

PubliBike is a wholly-owned PostBus subsidiary and has been offering a range of bike sharing networks as an integrated service throughout Switzerland since 2009.



### USB charging sockets

All new PostBus vehicles delivered since 2018 are equipped with USB charging sockets, allowing passengers to recharge their mobile device during their trip. The existing fleet will not be retrofitted, as this would require a very costly technical and financial investment. It will therefore take several years before USB charging sockets are available on the entire fleet of more than 2,200 Postbuses.



**Employees,**  
**Climate and energy,**  
**Circular economy**  
Corporate responsibility  
strategy → p. 15–16


Flexible shuttle services

## “Kolibri” is a new kind of mobility experience

PostBus is testing an innovative mobility service which lies somewhere between private and public transport. It is aimed at people who commute – but also at people who have hardly ever used public transport.

PostBus is running a one-year pilot project to test the “Kolibri” mobility service in the Brugg region. As of October 2018, the company provides minibuses that can be reserved for individual door-to-door journeys by customers within a certain perimeter. Booking and payment are easily taken care of with a smartphone app. The unusual feature is that other passengers can get on and off during the journey, turning the minibus into a kind of shared taxi. This bundling of journeys is a central element of Kolibri.

PostBus is conducting this test – which is unique in Switzerland – in conjunction with SBB and AMAG. Local taxi companies were also involved in the project. Flexible shuttle services like Kolibri lie somewhere between private and public transport. PostBus and its partners predict that these forms of mobility will increasingly converge. Flexible shuttle services are ideal in areas where public transport networks are not well developed. The aim is to attract commuters and people who still rarely use public transport services.

 **Climate and energy**  
Corporate responsibility  
strategy → p. 15–16




Alternative drive systems

## From diesel engines to electric buses

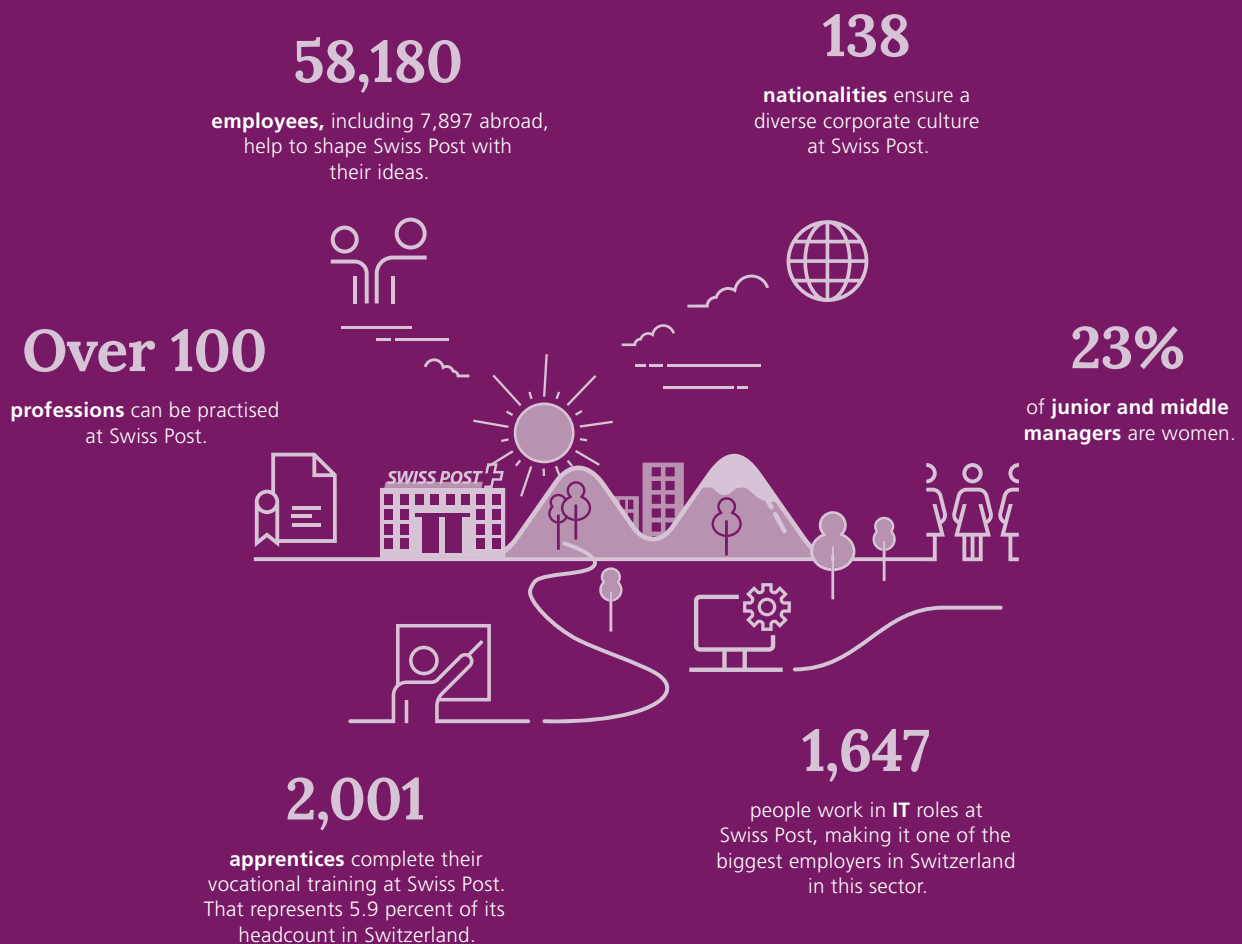
A new electric Postbus is now serving the Sarnen–Alpnach route. The twelve-metre bus is powered by regionally produced green electricity – a single charge can cover about 80 to 90 kilometres. The Obwalden power station supplies electricity from renewable, environmentally-friendly hydroelectric power and solar energy. In addition to Interlaken, this is the second big bus used by PostBus for scheduled services over a long-term trial period of three years.

PostBus is continuously testing alternative drive technologies in order to increase CO<sub>2</sub> efficiency and dispense with the use of fossil fuels in the long term. It also analyses the feedback from drivers and passengers. In Saas-Fee, two electric Postbuses are used as shuttle buses for winter sports enthusiasts. In Sion, the route for the battery-powered self-driving SmartShuttles has been extended.

 **Climate and energy**  
Corporate responsibility  
strategy → p. 15–16

# Employees

From logistics and IT technicians to parcel carriers: 58,180 employees from 138 nations can pursue careers in over 100 professions at Swiss Post, and develop their skills with the company. HR offers a wide range of measures to enable employees to enhance their digital skills and help shape the transformation process.





**Valérie Schelker**  
Head of Human Resources and  
Member of Executive Management



**Employer attractiveness is increasingly becoming an issue of vital importance.**

Interview

## Swiss Post staff – the key to success

Swiss Post is changing. New services are also changing approaches to work, and employees are confronted with new requirements. Human Resources supports the different units and creates development services for managers and employees.

### **In terms of human resources, what is our current position?**

With more than 50,000 employees in Switzerland, we are fundamentally in a good position. Swiss Post places great value on basic and advanced training for staff. We have a total of 2,001 apprentices in 16 different professions and offer a wide range of training opportunities.

Our current employee survey shows positive, stable figures when viewed at Group level, albeit with differing trends in the various units. Employees identify strongly with Swiss Post, as is reflected in the high score achieved for the strategic target “commitment”. However, the turbulence this year has had an impact on employees’ confidence in management and our strategy. There is a need for action in this area – and we are working on it.

### **Looking to the future, what challenges do we face?**

We are facing a structural change caused by digitization and automation. There are a number of studies looking into the probabilities of automation in the fields in which we operate. These studies predict that 68 percent of the work performed by parcel and letter carriers could be automated. Whether and when this becomes reality is difficult to gauge. We also know that automation and digitization are creating new jobs. But these jobs require special skills or knowledge. We are therefore continuing to develop our employees and focusing on offering relevant apprenticeships. With every step that we take towards automation, we will of course always bear our responsibility in mind.

### **What do these forecasts mean for us?**

For us, the dimensions of organization, occupational profiles, culture and leadership, and

employer attractiveness are of particular importance.

With regard to the dimension of organization, we are guided above all by the principle of “Structure follows business”, and we support the individual organizational units accordingly in their ongoing development.

Looking at the dimension of occupational profiles, and thus performance, there is a need for action with regard to digitization and automation. We will need to create the right development opportunities to ensure that employees can meet new requirements.

The dimension of culture and leadership is a major concern for us. “Culture” encompasses our shared fundamental beliefs and values. These cannot be prescribed, they must be exemplified. That’s why we regard it as crucial that management staff lead by example and that we have a common understanding of leadership.

The dimension of employer attractiveness is increasingly becoming an issue of vital importance to Swiss Post. Our range of services, our flexibility, our culture and the company’s image all play important roles in this. A glance at the development of mobile workplaces shows an exciting trend that we cannot ignore. Mobile work practices are now possible for 50 percent of employees across Switzerland. While the potential at Swiss Post is lower than that of the economy as a whole, we also need to create more flexibility for mobile work for employees involved in knowledge-based activities. This has a great deal to do with personal responsibility and trust – so, again, with culture. And for us as a company, cultural development is a key factor in ensuring that our employees are prepared for the challenges of the future.

SwissSkills

## Big-time young professionals

With 2,001 apprenticeships available in 16 occupations, Swiss Post is one of the biggest training companies in Switzerland. At the SwissSkills professional championships in September 2018, seven young Swiss Post talents showed what they can do.



To handle a forklift truck, you need a good eye and a steady sense of proportion.

Seven young Swiss Post talents managed to qualify for the SwissSkills 2018 professional championships in Berne, five from ICT professions and two from logistics. Pressed for time and in front of an audience, they battled against the competition, demonstrating their forklift skills or designing marketing concepts, websites and logos. And they were unanimous in their opinion: "A great event!"

Swiss Post's apprentices also showed what they're made of as volunteers at the major five-day event: at trade fair stands, they helped visitors to program the Swiss Post delivery robot, explained the drone technology and DXP electric tricycle simulator, and answered questions about their apprenticeships.

### Promoting ICT training

"SwissSkills is an excellent opportunity for Swiss Post to present its attractive training opportunities to a broad public, especially in the ICT sector," says Barbara Schürmann, project manager and ICT Academy coach. Because there is a shortage of skilled workers in this area, Swiss Post has increased the number of training positions by 50 percent and, as of 2018, now offers the new "ICT Specialist" apprenticeship.

To whet their appetite for careers in IT and mediamatics, Swiss Post, Credit Suisse, SBB and Swisscom together ran a large stand designed to show young people just how varied and exciting the possibilities in today's digital work environments are. In an area of over 600 square metres, students had the opportunity to immerse themselves in the playful world of robotics, produce live video and multimedia content or test their own ICT knowledge.

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### Committed to training

With 2,001 apprenticeships available in 16 different occupations, Swiss Post was again one of the biggest training companies in Switzerland in 2018. It is known in particular for the quality of its training: with 99 percent of apprentices gaining their qualifications, the success rate is very high. The non-completion rate for apprenticeship contracts is far below the Swiss average.

# 2,001

apprenticeship positions were offered by Swiss Post in 2018.

# 5.9%

of Swiss Post employees are apprentices.

# 746

people finished their apprenticeships at Swiss Post in 2018. The success rate was 99 percent.



### Employees

Corporate responsibility strategy → p. 15–16

Demographic change

## Maintaining performance, offering alternatives

The average age of Swiss Post employees has risen steadily in recent years. It currently sits at 46.1 years. What is being done to maintain performance and employability?

Demographic changes are affecting Swiss Post, too: almost 40 percent of the workforce is over 50. This presents a challenge, because while absences among older employees who perform physically strenuous activities may be less frequent, they do grow longer with age when they occur. In addition, the baby boomer generation is fast approaching retirement, a fact which Swiss Post needs to incorporate into its plans. And for exactly these reasons, Swiss Post wants to maintain the performance of employees in physically demanding occupations across all phases of life. Surveys were used to gather suggestions from operational staff and managers. Combined with best practice examples at home and abroad, ideas were developed into measures which will be fleshed out and piloted in 2019.

### Adapting conditions

What should be done if employees show clear signs of drops in performance? “Look more closely, not the other way” is the motto Swiss Post uses when training its managers. Many situations can be alleviated with aids or ergonomic adjustments. But it is also worthwhile asking what the person is doing to look after their own health. To this end, the Health Management department has developed various measures tailored to different target groups, such as exercises for physical fitness or resilience training to reinforce strength.

### Promoting employability and developing prospects

“Maintaining employability is also important,” says Karin Albisser, Head of the Job Center at Swiss Post, “because your own chances on the job market represent job security for the future.” The Job Center provides support for these kinds of issues, offering services such as professional assessments and advice on career development. Swiss Post also promotes

employees’ mobility by facilitating temporary job changes, helping them to become more familiar with other business areas and work environments.

In addition, the case management programme provides advice and support to employees who have become unfit for work and offers professional reintegration measures. For its part, the Swiss Post Social Counselling Service helps employees to deal with change and develop new prospects.

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Volunteering

## Swiss Post employees lend a hand

In 2018, committed Swiss Post employees volunteered for a wide range of projects, either individually or as a team. They rolled up their sleeves and got to work, actively helping to install solar panels on school roofs at construction site days for the Swiss Post-supported climate education project “Each cell counts – schools generate solar power!”.

### Packaging happiness and maintaining trails

Swiss Post workers also sorted and packaged gifts for people in need as part of the “2 x Christmas” charitable campaign and, under the direction of specialists, carried out maintenance work on Swiss hiking trails.

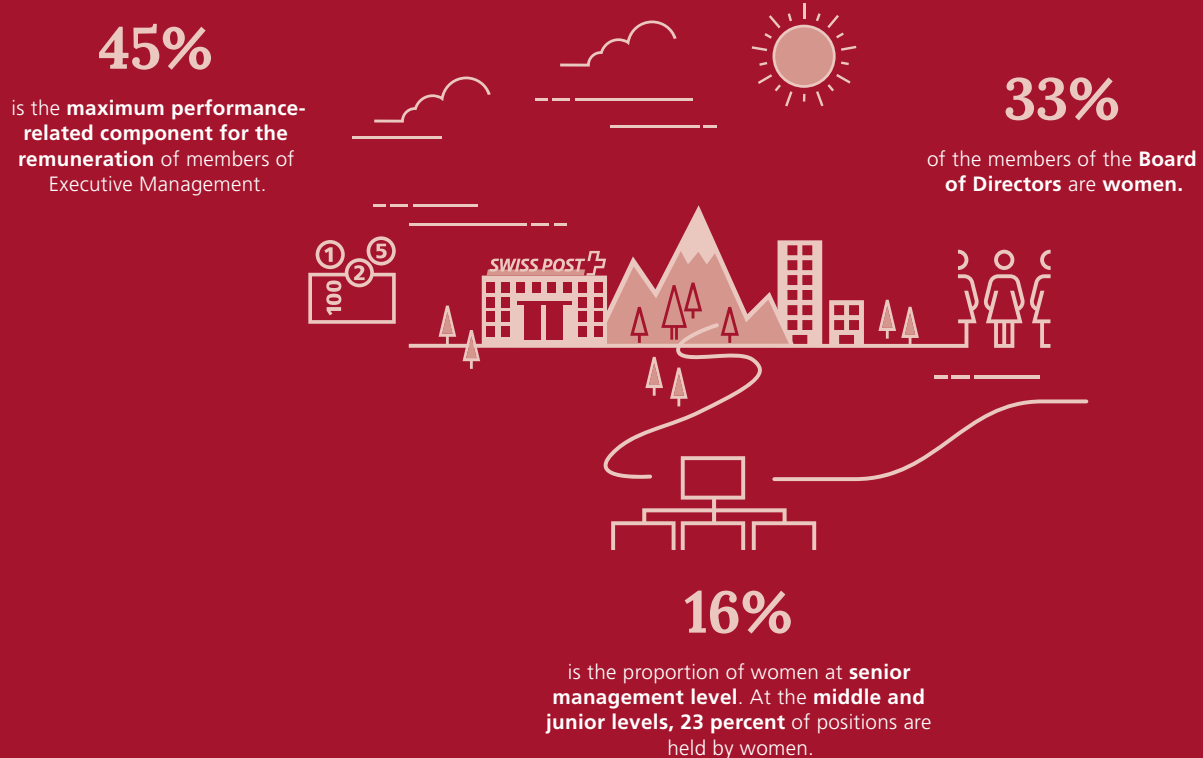


### Corporate citizenship

Corporate responsibility strategy → p. 15–16

# Corporate governance

Swiss Post attaches great importance to corporate governance and observes the special statutory and regulatory provisions. For years, it has based its actions on the Swiss Code of Best Practice for Corporate Governance. Responsibility lies in the hands of the Board of Directors (page 60). The Board of Directors determines the remuneration due to members of Executive Management, taking into account corporate risk, scope of responsibility and the Confederation's Ordinance on Executive Pay (page 62). For details on corporate governance, see pages 61 to 75 of the Financial Report.



Corporate governance

## Corporate governance – a task for the Board of Directors

By implementing systematic, active corporate governance, the Board of Directors lays one of the foundations for the success of the company and establishes the prerequisites for a corporate culture based on trust at Swiss Post, both internally and externally.

i

### Corporate governance

refers to the entirety of all international and national rules, provisions, values and principles that apply to a company and determine how it is managed and monitored. Corporate governance thereby establishes a framework for corporate management and control.

For the fulfilment of corporate governance, the Board of Directors takes into account the legal framework (e.g. the Postal Services Organization Act and the provisions of the Swiss Code of Obligations on the subject of corporate law) as well as strategic decisions for the development of the company. In order to complete its task, it sets organizational rules, defines duties and responsibilities for the individual business units and uses the correct instruments to monitor the achievement of strategic goals and compliance with rules, regulations and values. The Board of Directors can thereby establish the framework for corporate management and control.

### Framework for corporate management

The Board of Directors takes the following points into account when designing this framework:

#### Pooling of responsibility

The legal provisions require the uniform management of Swiss Post for the implementation of corporate governance. In other words, overall responsibility for the company must be held by a central, uppermost unit. The Board of Directors therefore pools strategic tasks together in its own hands and takes responsibility for the performance mandates issued to Swiss Post (universal service).

#### Four markets

In implementing corporate governance, the Board of Directors must take into account the fact that Swiss Post operates in the four markets of communication, logistics, finance and passenger transport, and that the regulatory requirements in these four markets are fundamentally different.

### Strategic goals set by the owner

In its corporate management and control, the Board of Directors must pursue the strategic goals set by the Federal Council. The Federal Council verifies whether its goals have been met on the basis of Swiss Post's annual reports to the owner and the reports on management salaries.

### Swiss Post's corporate structure

As part of its duty to define the framework for corporate management and control, and taking into account the various requirements, the Board of Directors determines the corporate structure and regulates the key aspects of corporate governance:

#### A company limited by shares subject to a special statutory regime

Since 26 June 2013, Swiss Post has been a company limited by shares subject to a special statutory regime. It is solely owned by the Swiss Confederation and consists of PostFinance as well as the other companies managed directly or indirectly by Swiss Post. The Board of Directors determines the strategic subsidiaries; these are Post CH Ltd, PostBus Ltd, PostFinance Ltd and Post Real Estate Ltd. The Board of Directors assigns the other companies in Switzerland and abroad to the above companies.

#### Swiss Post as a communication, logistics and passenger transport company

The subsidiaries or the business and function units operating within these companies are managed directly by the Board of Directors. It appoints Executive Management, to which it transfers the operational management of Swiss Post (excluding PostFinance). Executive



Management can delegate the fulfilment of certain tasks to the units. Tasks, competencies and responsibilities are documented in a standard policy and procedure.

#### **PostFinance as a bank and securities dealer**

PostFinance was granted a banking licence as a bank and securities dealer on 26 June 2013 and is subject to regulation by the Swiss Financial Market Supervisory Authority (FINMA). In its corporate governance, the Board of Directors ensures coordination between postal and banking regulations.

To meet the licensing requirements of FINMA, the Board of Directors manages PostFinance via an independent Board of Directors (indirect model). This Board of Directors is made up of seven members. Swiss Post must appoint four of its own representatives to conserve its majority. At the end of 2018, Swiss Post was represented on the PostFinance Board of Directors by one member of the Swiss Post Board of Directors, the Head of Finance at Swiss Post and two external representatives; they are mandated and protect the interests of Swiss Post. The Board of Directors also determines which Swiss Post provisions must be adopted by PostFinance. The activities of Swiss Post and PostFinance are coordinated wherever it is necessary and useful to do so for operational business purposes. The Head of PostFinance therefore participates in Executive Management meetings.

#### **Implementation of controls**

The Board of Directors has established an appropriate system for implementing controls. Controls that are part of everyday work should

be carried out principally by the unit managers at line management level. The Board of Directors uses specialized bodies or appropriate instruments to perform additional controls. To name a few examples:

- Group Audit conducts risk-based audits in accordance with the schedule approved by the Board of Directors.
- Risk Management collects data on risks and assesses them at Swiss Post and defines the measures needed to minimize the probability of such risks occurring.
- The Finance Internal Control System ensures that financial reporting is carried out correctly.
- Compliance operates a management system to prevent potential breaches of legal provisions and internal regulations.

#### **Reporting**

The Board of Directors receives regular reports on the attainment of strategic goals and on the course of business. Based on these reports, it takes the appropriate measures at any time.



Q&A

**Urs Schwaller**

Chairman of the Board of Directors

#### **What message does good corporate governance convey?**

By adopting a clear, systematic approach, corporate governance establishes the basis for the good management and efficient supervision of a company. It is a way of telling our customers, employees, partners and the owner that Swiss Post is working transparently, openly and honestly for the benefit of all.

#### **What makes good corporate governance?**

It takes courage and perseverance to constantly question the corporate governance currently in force, to identify weaknesses and to develop the system in a targeted manner wherever necessary and useful. Reference to best practice is not sufficient.

#### **How does the Board of Directors reinforce corporate governance?**

The Board of Directors has tasked a project team with the targeted development of corporate governance. Aspects which have proven successful are verified and maintained. In 2019, the Board of Directors will approve the revised organization regulations. They will subsequently be implemented at all levels.

**Remuneration for members of Executive Management is comprised of a fixed base salary plus a variable performance-related component.**

Remuneration policy

## Determination of remuneration

Corporate risk, scope of responsibility and the Confederation's Ordinance on Executive Pay are taken into account by the Board of Directors when determining the remuneration due to members of Executive Management. The Board of Directors has regulated the remuneration and fringe benefits for its members in the BoD remuneration regulations.

Remuneration for members of Executive Management is comprised of a fixed base salary plus a performance-related component. This may be a maximum of 45 percent of the gross annual base salary (a maximum of 50 percent in the case of the CEO). At Group level, the variable component is calculated from economic value added (28 percent) and Group customer satisfaction (12 percent). At Group unit level, a distinction is made between qualitative benchmarks (20 percent) and financial key figures (20 percent) such as EBIT. For Post-Finance Ltd, return on equity is used instead of EBIT. If all the goals are achieved, the maximum variable component will be paid. Exceeding the goals will not lead to a higher payout.

A penalty system may also be applied for calculating the variable salary component at Group and unit levels depending on the degree of target achievement. The maximum penalty represents half the maximum variable component.

All three performance levels are taken into account (Group, Group unit and individual performance) to determine whether the threshold for the variable component has been reached. The variable component is only paid on reaching this value. There is a penalty area below the threshold for the variable salary. If a penalty applies, the variable salary component is reduced accordingly. One third of the variable salary component that is actually awarded is booked to a special account for variable remuneration. One third of the balance of this account is paid out from the third year. The remaining two thirds of the variable salary component are paid out directly. If, as a result of the penalty system, a negative variable salary component is awarded, this negative amount

is booked to the account for variable remuneration and the account balance is reduced accordingly.

Members of Executive Management also receive a first-class GA travelcard or a company car, a mobile phone and a monthly expense account. Swiss Post also pays the insurance premiums for a risk insurance policy. Individual bonuses may be paid to reward special personal contributions.

Neither the members of Executive Management nor persons closely linked to them received any additional fees, remuneration, guarantees, advances, credits, loans or benefits in kind during the financial year.

Both the base salary and the performance component are insured for members of Executive Management up to a maximum of 338,400 francs in the Swiss Post pension fund (defined contribution plan); higher income is covered by a management insurance scheme (defined contribution plan). The employer contributes disproportionately to the contributions for employee benefits. Employment contracts are based on the Swiss Code of Obligations. Since 1 July 2010, the notice period for members of Executive Management has been six months. For members appointed before that date, a notice period of twelve months applies. No agreements exist regarding possible severance payments.

### Remuneration to Board of Directors and Executive Management

In 2018, the eleven members of the Board of Directors received remuneration (fees and fringe benefits) totalling 1,062,985 francs. The fringe benefits totalling 334,770 francs

are shown in the total remuneration. In 2018, the Chairman of the Board's fee totalled 225,000 francs. The fringe benefits amounted to 28,470 francs.

The paid members of Executive Management and the CEO received remuneration totalling 5,082,669 francs in 2018. The fringe benefits of 261,138 francs are shown in the total remuneration. The remuneration of the interim CEO since 11 June 2018 has been taken into account in the remuneration paid to members of Executive Management. The performance-related component effectively payable to members of Executive Management in 2019, which is based on attainment of targets in 2017 and 2018, together with the deferred payments, amounts to 1,608,695 francs. A decision regarding the approval (entitlement and calculation) of the performance-related component for the former Head of PostBus will not be reached until the investigations into the subsidy law breaches in the regional passenger transport segment have been completed.

The base salary of the CEO totalled 620,000 francs. The additional calculated performance-related component amounts to 453,280 francs, of which 262,733 francs are from the account for variable remuneration. A decision regarding the approval of the performance-related component (entitlement and calculation) for the former CEO will not be reached until the investigations into the subsidy law breaches in the regional passenger transport segment have been completed.

Remuneration	
CHF	2018
<b>Chairman of the Board of Directors (1)</b>	
Fees	225,000
Fringe benefits	
Expenses and representation allowances	22,500
First-class GA travelcard	5,970
<b>Total remuneration</b>	<b>253,470</b>
<b>Other members of the Board of Directors (11)<sup>1</sup></b>	
Fees	503,215
Fringe benefits	
Expenses and representation allowances	96,300
Additional fringe benefits	210,000
<b>Total remuneration</b>	<b>809,515</b>
<b>Entire Board of Directors (12)</b>	
Fees	728,215
Fringe benefits	334,770
<b>Total remuneration</b>	<b>1,062,985</b>
<b>CEO<sup>2</sup></b>	
Fixed base salary	620,000
Performance-related component (payable 2019) <sup>3</sup>	
Variable salary component	190,547
Outpayment from account for variable remuneration	262,733
Fringe benefits	
Expenses and representation allowances	15,000
Additional fringe benefits <sup>4</sup>	19,208
Additional payments <sup>5</sup>	–
<b>Total remuneration</b>	<b>1,107,488</b>
<b>Other members of Executive Management (8)<sup>6</sup></b>	
Fixed base salary	2,592,836
Performance-related component (payable 2019) <sup>7</sup>	
Variable salary component	772,595
Outpayment from account for variable remuneration	382,820
Fringe benefits	
Expenses and representation allowances	130,800
Additional fringe benefits <sup>4</sup>	96,130
Additional payments <sup>5</sup>	–
<b>Total remuneration</b>	<b>3,975,181</b>
<b>All members of Executive Management (9)<sup>8</sup></b>	
Fixed base salary and performance-related component	4,821,531
Fringe benefits	261,138
<b>Total remuneration</b>	<b>5,082,669</b>

1 Eight active members and three members who stepped down in 2018.

2 The former CEO was released from her duties from 10 June 2018; continued salary payments were made until 31 December 2018.

3 A decision regarding the approval (entitlement and calculation) of the entire performance-related component for the former CEO, consisting of the variable salary component and payment from the account for variable remuneration, will not be reached until the investigations into the subsidy law breaches in the regional passenger transport segment have been completed.

4 Additional fringe benefits include: first-class GA travelcard or company car, mobile phone and premiums for risk insurance policies.

5 No agreements exist regarding possible severance payments.

6 Seven active members and one member who stepped down in 2018.

7 A decision regarding the approval (entitlement and calculation) of the entire performance-related component for the former Head of PostBus, consisting of the variable salary component and payment from the account for variable remuneration, will not be reached until the investigations into the subsidy law breaches in the regional passenger transport segment have been completed.

8 Including the one member who stepped down in 2018 and the remuneration for the interim CEO solution. Due to this change in personnel, the total remuneration is not directly comparable with the prior year.

# Board of Directors

as at 31 December 2018





**1**  
**Urs Schwaller**  
Chairman of the Board of Directors



**2**  
**Marco Durrer**  
Member of the Board of Directors

**3**  
**Michel Gobet**  
Member of the Board of Directors,  
Human Resources representative

**4**  
**Myriam Meyer**  
Member of the Board of Directors

**5**  
**Peter Hug**  
Member of the Board of Directors,  
Vice-Chairman

**6**  
**Nadja Lang**  
Member of the Board of Directors



**7**  
**Philippe Milliet**  
Member of the Board of Directors,  
Vice-Chairman

**8**  
**Bernadette Koch**  
Member of the Board of Directors

**9**  
**Ronny Kaufmann**  
Member of the Board of Directors,  
Human Resources representative

**10**  
**Roger Schoch**  
General Secretary



# Executive Management

as at 31 December 2018





**1**  
**Ulrich Hurni**  
Interim CEO, Head of PostMail

**2**  
**Thomas Baur**  
Head of PostalNetwork

**3**  
**Jörg Vollmer,**  
Head of Swiss Post Solutions

**4**  
**Valérie Schelker**  
Head of Human Resources

**5**  
**Hansruedi Köng<sup>1</sup>**  
Chief Executive Officer of PostFinance Ltd

**6**  
**Dieter Bambauer**  
Head of PostLogistics and Informatics

**7**  
**Alex Glanzmann**  
Head of Finance

**8**  
**Christian Plüss**  
Head of PostBus



<sup>1</sup> The Chief Executive Officer of PostFinance Ltd is not a member of Executive Management, but attends Executive Management meetings as an observer.



More information can be found  
in the Financial Report  
[www.swisspost.ch/financialreport](http://www.swisspost.ch/financialreport)

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## Reporting

### Annual reporting structure

The Swiss Post annual reporting documents for 2018 consist of:

- Swiss Post Annual Report
- Swiss Post Financial Report (management report, corporate governance, annual financial statements for the Group, Swiss Post Ltd and PostFinance Ltd)
- PostFinance Ltd Annual Report
- Annual Report key figures
- Sustainability Report (report in accordance with the guidelines of the Global Reporting Initiative)

Electronic versions of these documents are available in the online version of the Annual Report at [www.swisspost.ch/annualreport](http://www.swisspost.ch/annualreport). The Swiss Post Annual Report and the PostFinance Ltd Annual Report are also available in printed form.

### Languages

The Swiss Post Annual Report and Financial Report are available in English, German, French and Italian. The German version is authoritative.

### Ordering

The Swiss Post Annual Report can be ordered at [www.swisspost.ch/order-annualreport](http://www.swisspost.ch/order-annualreport). Swiss Post employees may order copies through the usual channels.

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## Five-year overview of key figures

		2014	2015	2016	2017	2018
<b>Result<sup>5</sup></b>						
Operating income	CHF million	8,371	8,224	8,188	8,064 <sup>1</sup>	7,691
Generated in competition	% of operating income	85.7	85.1	85.8	85.7	85.6
Generated abroad and crossborder	% of operating income	14.6	14.0	13.7	14.3	15.5
Operating profit	CHF million	803	823	704	718 <sup>1</sup>	501
Generated in competition	% of operating profit	85.5	87.0	93.5	86.7	72.3
Generated abroad and crossborder	% of operating profit	9.0	6.9	9.1	11.4	16.4
Group profit	CHF million	638	645	558	527 <sup>1</sup>	405
Equity	CHF million	5,010	4,385	4,744	6,583	6,732
<b>Value generation<sup>5</sup></b>						
Economic value added	CHF million	207	169	122	102	-28
Added value generated	CHF million	5,220	5,193	5,145	5,143	4,686
to employees	CHF million	4,108	4,074	4,034	3,989	3,866
to creditors	CHF million	57	69	64	48	49
to public sector	CHF million	79	94	118	63	43
to owner	CHF million	200	200	200	200	200
to company	CHF million	776	756	729	843	528
<b>Jobs</b>						
Headcount (excluding trainees)	Full-time equivalents	44,681	44,131	43,485	42,316	41,632
Trainees in Switzerland	Persons	2,035	2,077	2,118	2,115	2,001
Jobs in peripheral regions	Persons	19,106	18,633	18,176	17,640	16,765
Turnover rate (voluntary departures)	As % of average headcount	4.1	3.8	4.0	4.8	5.5
Notice given by employer for economic reasons	Persons	168	78	84	161	152
<b>Employment conditions and remuneration (CH and LI)</b>						
Employment in accordance with CEC	Full-time equivalents as %	89.9	89.6	85.6	85.6	85.2
Swiss Post CEC minimum salary	CHF per annum	47,620	47,620	47,620	47,620	47,620
Average salary for employees	CHF per annum	83,039	83,472	82,231	83,178	83,383
Average remuneration paid to members of Executive Management	CHF per annum	477,719	591,574	588,377	559,044	588,916
Salary bandwidth <sup>2</sup>	Factor	5.8	7.1	7.2	6.7	7.1
<b>Health management</b>						
Occupational accidents	Number per 100 FTEs	5.9	6.1	5.9	6.5	5.5
Days lost to illness and accidents	Days per employee	11.8	12.4	12.5	12.9	12.1
<b>Diversity</b>						
Women	% of employees	48.7	48.4	48.1	47.5	46.3
Nationalities represented	Number	142	142	143	140	138
Women on Board of Directors	%	33.3	33.3	33.3	33.3	33.3
Women in Executive Management	%	12.5	12.1	11.1	20.5	22.9
Women in senior management roles	%	11.0	12.3	12.3	13.4	16.0
Women in middle and lower management roles	%	23.6	23.4	24.2	23.9	23.2
<b>Demographics</b>						
Average age of workforce	Years	45.1	45.3	45.6	46.0	46.1
<b>Resource consumption</b>						
Energy consumption	GWh	1,456	1,458	1,491	1,453	1,479
Energy consumption within Swiss Post	GWh	894	890	905	887	902
Renewable share	%	20.3	20.0	19.3	19.6	20.4
Energy consumption outside Swiss Post	GWh	561	568	586	567	578
<b>Carbon footprint (scope 1-3)<sup>4</sup></b>						
Carbon footprint	t CO <sub>2</sub> equivalent	442,202	440,728	446,151	436,550	439,955
CO <sub>2</sub> efficiency increase since 2010 <sup>3</sup>	%	12.1	13.7	16.5	19.6	20.4

1 Normalized figure. See the section "One-off item in 2017 – non-recurring in 2018" on page 37 of the Financial Report.

2 Factor = average remuneration paid to Members of Executive Management vs. average employee salary.

3 The rise in CO<sub>2</sub> efficiency is measured as the change in CO<sub>2</sub> equivalents per core service in the year under review compared with the base year. Each core service is defined by unit (consignment, transaction, passenger kilometre, kilometre, full-time equivalent etc.).

4 The prior-year figures for CO<sub>2</sub> have been adjusted based on updated emission factors.

5 Figures have been adjusted (see Notes to Group annual financial statements in the Financial Report 2018, Note 2, Basis of accounting, Accounting changes).

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