

Corporate Governance and Remuneration Report

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Corporate Governance

Corporate governance is a fundamental component of Swisscom's corporate policy. Swisscom is committed to effective and transparent corporate governance as part of its effort to deliver long-term value.

1 Principles

In performing their activities, the Board of Directors and Group Executive Board of Swisscom are guided by the objective of long-term and sustainable business management. They incorporate the legitimate interests of Swisscom shareholders, customers, employees and other interest groups into their decisions. To this end, the Board of Directors practises effective, transparent corporate governance, which is characterised by clearly assigned responsibilities and based on recognised standards. In this regard, Swisscom complies with the recommendations of the Swiss Code of Best Practice for Corporate Governance 2014 issued by *economiesuisse*, the umbrella organisation representing Swiss business, and the requirements of the Ordinance against Excessive Compensation in Listed Stock Companies (OaEC).

The interaction of investors, proxy advisors and other stakeholder groups with the respective specialist divisions allows the Board of Directors to identify trends at an early stage and to adjust its corporate governance to new requirements as and when necessary.

Swisscom's principles and rules on corporate governance are set out primarily in the company's Articles of Incorporation, Organisational Rules and the Rules of Procedure of the Board of Directors' committees. Of particular importance is the Code of Conduct approved by the Board of Directors. It contains an explicit declaration by Swisscom of its commitment to absolute integrity as well as compliance with the law and all other external and internal rules and regulations. Swisscom expects its employees to take responsibility for their actions, show consideration for people, society and the environment, comply with applicable rules, demonstrate integrity and report any violations of the Code of Conduct.

The latest versions of these documents as well as their earlier, unamended and superseded versions can be viewed online on the Swisscom website under "Basic principles".

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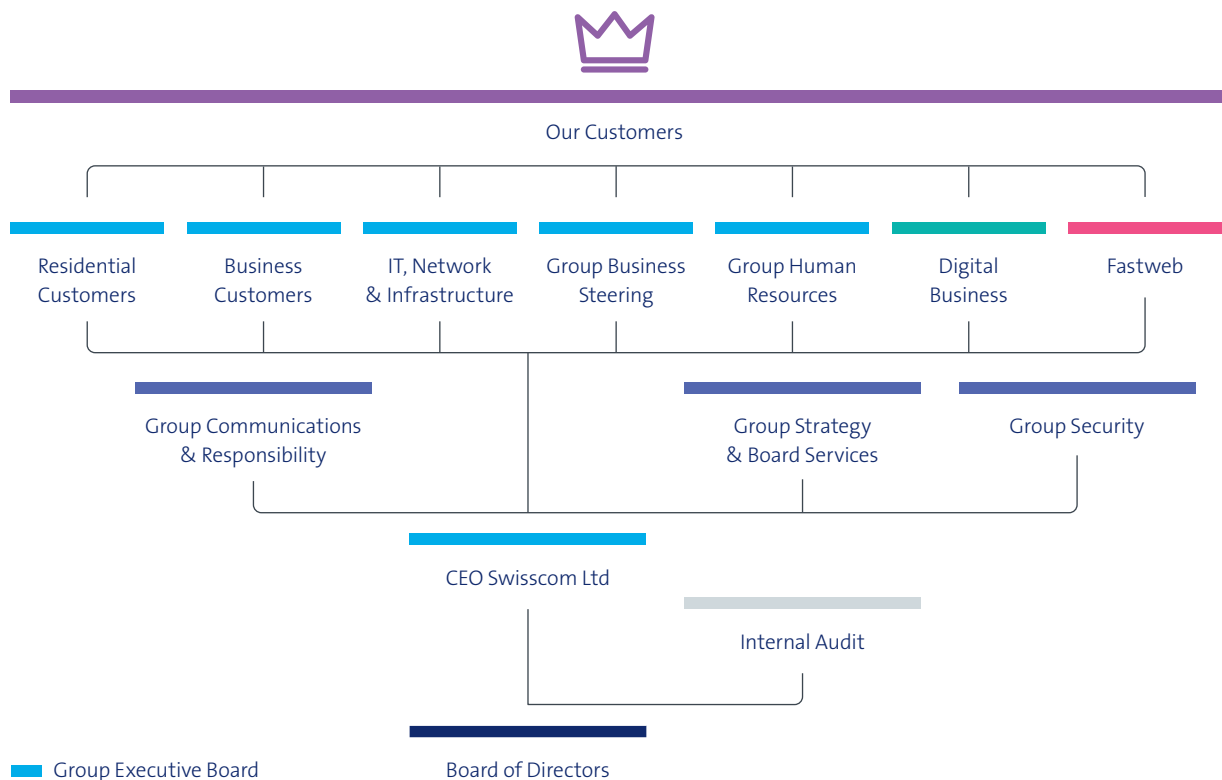
2 Group structure and shareholders

2.1 Group structure

Operational Group structure

Swisscom Ltd is a holding company and is responsible for the overall management of the Swisscom Group. It comprises five Group divisions: Group Business Steering, Group Human Resources, Group Strategy & Board Services, Group Communications & Responsibility and Group Security, which have staff functions. The Board of Directors delegates day-to-day business management to the CEO of Swisscom Ltd. The Group Executive Board is comprised of the CEO of Swisscom Ltd and the heads of the Group divisions Group Business Steering (CFO) and Group Human Resources (CPO), plus the heads of the business divisions Residential Customers, Business Customers, and IT, Network & Infrastructure. The Group also includes the Digital Business division and Group companies such as the Italian subsidiary Fastweb S.p.A.

The operational Group structure is shown in the organisational chart below.



Swisscom Ltd organisational chart

The business activities are carried out by Swisscom Group companies. Strategic and financial management is assured through the rules governing the assignment of powers and responsibilities set by the Board of Directors of Swisscom Ltd. The Group companies are divided into three categories: strategic, important and other. Swisscom Ltd, Swisscom (Switzerland) Ltd and Fastweb S.p.A. are classified as strategic companies. The members of the Board of Directors and the managing directors of the strategic companies are appointed by the Board of Directors of Swisscom Ltd and elected via the competent statutory bodies. The Board of Directors of Swisscom (Switzerland) Ltd comprises the CEO of Swisscom Ltd as Chairman, the CFO of Swisscom Ltd and the Head of Business Customers. The CEO of Swisscom Ltd is responsible for the executive management of Swisscom (Switzerland) Ltd. Seats on the Board of Directors of Fastweb S.p.A. are held by the CEO of Swisscom Ltd, who acts as Chairman, together with the CFO of Swisscom Ltd and other representatives of Swisscom, plus an independent external member. The Board of Directors of Fastweb S.p.A. has empowered the Delegate of the Board of Directors with the executive management of the company. Fastweb controls three subsidiaries. All other Group companies are

assigned to a Group division or business division for management purposes. The members of the Board of Directors of the other Group companies and their managing directors are appointed by the CEO of Swisscom Ltd. In some cases, external parties also serve as members of the Board of Directors. A list of Group companies, including company name, registered office, percentage of shares held and share capital, is provided in Note 5.4 to the consolidated financial statements.

□ See report pages 165–166

For financial reporting purposes, Swisscom's business divisions and Group companies are allocated to individual segments. Further information on segment reporting can be found in the Management Commentary.

□ See report page 48

Listed company

Swisscom Ltd is a company governed by Swiss law and has its registered office in Ittigen (Canton of Berne, Switzerland). It is listed in the Standard for Equity Securities, Sub-Standard International Reporting, of the SIX Swiss Exchange (Securities No.: 874251; ISIN: CH0008742519; ticker symbol SCMN).

Trading in the United States is conducted over the counter (OTC) as a Level 1 programme (ticker symbol: SCMWY; ISIN: CH008742519; CUSIP for ADR: 871013108). Within the framework of the programme, the Bank of New York Mellon Corporation issues the American Depositary Shares (ADS). ADS are American securities that represent Swisscom shares. Ten ADS correspond to one share. The ADS are evidenced by American Depositary Receipts (ADR).

As at 31 December 2020, the stock market capitalisation of Swisscom Ltd was CHF 24,715 million. There are no other listed companies in the Swisscom Group.

2.2 Major shareholders

Pursuant to Article 120 of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructures Act; FMIA), there is a duty to disclose a shareholding to Swisscom Ltd and SIX Swiss Exchange whenever a person or group subject to the disclosure obligation reaches, exceeds or falls below 3, 5, 10, 15, 20, 25, 33¹/₃, 50 or 66²/₃ per cent of the voting rights of Swisscom Ltd, irrespective of whether or not the voting rights can be exercised. The detailed disclosure requirements and the method for calculating these limits are specified in the FINMA Financial Market Infrastructure Ordinance (FMIO-FINMA). Under the FMIO-FINMA, nominee companies which are not able to independently decide how voting rights are exercised are not required to disclose when any of their shareholdings reach, exceed or fall below these limits. As shareholders are only required to notify the company and SIX Swiss Exchange if their shareholdings reach, exceed or fall below one of the limits indicated above, the current percentage of shares actually held by significant shareholders may at any time differ from the percentage most recently disclosed.

The shareholding notifications can be viewed on the website of the SIX Exchange Regulation at <https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>

In the 2020 reporting year, no shareholdings subject to Article 120 FMIA were reported to Swisscom. In August 2017, BlackRock, Inc., New York, reported a shareholding of 3.44% of the voting rights in Swisscom Ltd. According to the Swisscom share register, Chase Nominees Ltd., London, held 4.67% of the voting rights in Swisscom Ltd on 31 December 2020.

The Swiss federal government (Swiss Confederation), as majority shareholder, held 50.95% of the issued share capital of Swisscom Ltd on 31 December 2020, which was unchanged from the previous year. The Telecommunications Enterprise Act (TEA) provides that the Swiss

Confederation shall hold the majority of the share capital and voting rights of Swisscom Ltd. The Federal Council defines the goals which the Confederation as principal shareholder of the company aims to achieve in the next four years. As a rule, stakeholder talks with the Chairman of the Board and the CEO are conducted three times a year by the responsible federal government departments – the Federal Department of the Environment, Transport, Energy and Communications (DETEC) and the Federal Department of Finance (FEF) – led by the Head of DETEC. During these talks, the participants examine the status of target achievement. After the close of the business year, target achievement is assessed by the Federal Council.

© See www.swisscom.ch/ziele_2018-2021 (in German)

2.3 Cross-shareholdings

No cross-shareholdings exist between Swisscom Ltd and other public limited companies.

3 Capital structure

3.1 Capital

The share capital of Swisscom Ltd has remained unchanged since 2009, totalling CHF 51,801,943. There is no authorised or conditional share capital. Information concerning equity can be found in the financial statements of Swisscom Ltd.

□ See report page 182

3.2 Shares, participation and profit-sharing certificates

All of the shares issued by Swisscom Ltd are fully paid-up registered shares with a par value of CHF 1. Each share entitles the holder to one vote. Shareholders may only exercise their voting rights, however, if their shares have been entered with voting rights in the share register of Swisscom Ltd. All registered shares with the exception of treasury shares held by Swisscom are eligible for a dividend. There are no preferential rights.

Registered shares of Swisscom Ltd are not issued in certificate form but are held as book-entry securities in the depositary holdings of SIX SIS AG, up to a maximum limit determined by the Swiss Confederation. Shareholders may at any time request confirmation of the registered shares they hold. However, they have no right to request the printing and delivery of certificates for their shares (registered shares with no right to printed certificates).

The holder of an ADR possesses the rights listed in the Deposit Agreement (e.g. the right to issue instructions for the exercise of voting rights and the right to dividends).

The Bank of New York Mellon Corporation, which acts as the ADR depositary, is listed as the shareholder in the share register. ADR holders are therefore unable to directly enforce or exercise shareholder rights. The Bank of New York Mellon Corporation exercises the voting rights in accordance with the instructions it receives from the ADR holders. If it does not receive instructions, it does not exercise the voting rights.

Swisscom Ltd has issued neither participation nor profit-sharing certificates.

Further information on the shares is available in Section 7 “Shareholders’ participation rights” as well as in the Management Commentary.

□ See report page 93

□ See report page 64

3.3 Limitations on transferability and nominee registrations

Swisscom shares are freely transferable, and the voting rights of the shares registered in the share register in accordance with the Articles of Incorporation are not subject to restrictions of any kind. In accordance with Article 3.5.1 of the Articles of Incorporation, the Board of Directors may refuse to recognise an acquirer of shares as a shareholder if the total holding, when the new shares are added to any voting shares already registered in its name, exceeds the limit of 5% of all registered shares entered in the commercial register. For the shares in excess of the limit, the acquirer is entered in the share register as a shareholder or beneficial holder without voting rights. The other statutory provisions on restricted transferability are described in Section 7.1 of this Corporate Governance report, “Voting right restrictions and proxies”.

☉ See www.swisscom.ch/basicprinciples

□ See report page 93

Swisscom has issued special regulations governing the registration of trustees and nominees in the share register. To facilitate the tradability of the company’s shares on the stock exchange, the Articles of Incorporation (Article 3.6) allow the Board of Directors, by means of regulations or agreements, to permit the fiduciary entry of registered shares with voting rights for trustees and nominees in excess of the 5% threshold, provided they disclose their trustee capacity. In addition, they must be subject to supervision by a banking or financial market supervisory authority or otherwise provide the necessary assurance that they are acting for the account of one or more unrelated parties. They must also be able to provide evidence of the names, addresses and holdings of the beneficial owners of the shares. This provision of the Articles of Incorporation may be changed by resolution of the Annual General Meeting, for which an absolute majority of valid votes cast is required. In accordance with this provision, the Board of Directors has issued regulations governing the entry of trustees and nominees in the Swisscom Ltd share register.

☉ See www.swisscom.ch/basicprinciples

The entry of trustees and nominees as shareholders with voting rights is subject to application and the conclusion of an agreement by which the trustee or nominee acknowledges the applicable entry restrictions and disclosure obligations as binding. Trustees and nominees related in terms of capital or voting rights either contractually or through common management or other means are treated as a single shareholder (trustee or nominee).

3.4 Convertible bonds, debenture bonds and options

Swisscom has no convertible bonds outstanding. Details of the debenture bonds are given in Note 2.2 to the consolidated financial statements.

□ See report pages 129–131

Swisscom does not issue options on registered shares of Swisscom Ltd to its employees.



4 Board of Directors

4.1 Members of the Board of Directors

There were no personnel changes on the Board of Directors in the year under review. As of 31 December 2020, the Board of Directors comprised the following non-executive members:

Name	Nationality	Year of birth	Function	Taking office at the Annual General Meeting
Hansueli Loosli ¹	Switzerland	1955	Chairman	2009
Roland Abt	Switzerland	1957	Member	2016
Alain Carrupt	Switzerland	1955	Member, representative of the employees	2016
Frank Esser	Germany	1958	Deputy Chairman	2014
Barbara Frei	Switzerland	1970	Member	2012
Sandra Lathion-Zweifel	Switzerland	1976	Member, representative of the employees	2019
Anna Mossberg	Sweden	1972	Member	2018
Michael Rechsteiner	Switzerland	1963	Member	2019
Renzo Simoni ²	Switzerland	1961	Member, representative of the Confederation	2017

¹ Since 1 September 2011 Chairman.

² Designated by the Swiss Confederation.

4.2 Education, professional activities and affiliations

Key details of the career and qualifications of each member of the Board of Directors are provided in the summary below, along with the mandates held outside the Group and other significant activities. Pursuant to the Articles of Incorporation, Board members may perform no more than three additional mandates in listed companies and no more than ten additional mandates in non-listed companies. In total, they may not perform more than ten such additional mandates. These restrictions on the number of mandates do not apply to mandates performed by a Board member by order of Swisscom or to mandates in interest groups,

charitable associations, institutions and foundations, or employee retirement-benefit foundations. The number of mandates held by order of Swisscom is limited to ten, while the number of mandates in interest groups, charitable associations, institutions and foundations, and employee retirement-benefit foundations is limited to seven. The Board members are obligated to consult the Chairman of the Board of Directors prior to accepting new mandates and to immediately advise him of any changes in their professional lives. The issue of affiliations is addressed with the Board of Directors as part of an annual internal training session that focuses on stock

exchange regulations. Details on the regulation of external mandates, in particular the definition of the term “mandate” and information on other mandates that do not fall under the aforementioned numerical restrictions for listed and non-listed companies, are set out in Article 8.3 of the Articles of Incorporation. No member of the Board of Directors exceeds the limits set for mandates.

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The members of the Board of Directors are required to order their personal and business affairs and take whatever measures necessary to ensure that conflicts of interest are avoided as far as possible. Should a conflict of interest nevertheless arise, the member concerned must inform the Chairman of the Board of Directors immediately. The members of the Board of Directors are obliged to abstain from negotiations in business which conflict with their own interests or with the interests of natural or legal persons closely associated with them.



Hansueli Loosli

Commercial apprenticeship; Swiss Certified Expert in Financial Accounting and Controlling

Career history

1982–1985 Mövenpick Produktions AG, Adliswil, Controller and Deputy Director; 1985–1992 Waro AG, Volketswil, most recently as Managing Director; 1992–1996 Coop Switzerland, Wangen, Director of Non-Food Product Procurement; 1992–1997 Coop Zurich, Zurich, Managing Director; 1997–2000 Coop Switzerland, Basel, Chairman of the Executive Committee and Coop Group Executive Committee; January 2001–August 2011 Coop Genossenschaft, Basel, Chairman of the Executive Committee

Mandates in listed companies

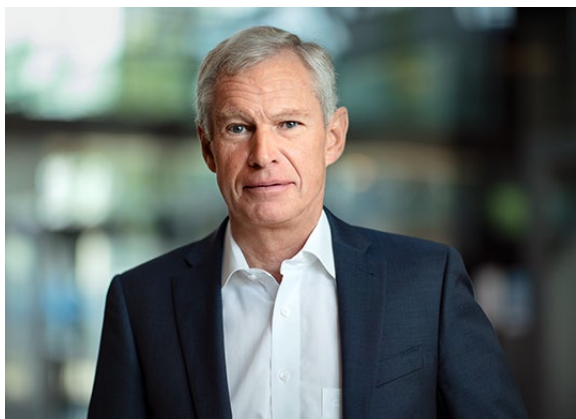
Mandate of the Coop Group: Chairman of the Board of Directors, Bell AG, Basel

Mandates in non-listed companies

Mandates of the Coop Group: Chairman of the Board of Directors, Coop Group Association, Basel; Chairman of the Board of Directors, Transgourmet Holding AG, Basel; Chairman of the Board of Directors, Coop Mineraloel AG, Allschwil. Other mandates: member of the Advisory Board, Deichmann SE, Essen; since April 2020 Managing Director of Haselba und Partner GmbH, Baden; since August 2020 member of the Board of Directors of Pilatus Flugzeugwerke AG, Stans

Other significant activities

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Roland Abt

**Doctorate in Business Administration (Dr. oec.)
University of St. Gallen (HSG)**

Career history

1985–1987 CFO of a group of companies with operations in the areas of IT and real estate; 1987–1996 Eternit Group (later Nueva Group); 1987–1991 Head of Controlling, 1991–1993 CEO, Industrias Plycem, Venezuela, 1993–1996 Division Manager, Fibre Cement Activities; 1996–2016 Georg Fischer Group: 1996–1997 Chief Financial Officer (CFO), Georg Fischer Piping Systems, 1997–2004 CFO, Agie Charmilles Group (currently Georg Fischer Machining Solutions), 2004–2016 CFO, Georg Fischer AG, and member of the Group Executive Board

Mandates in listed companies

Member of the Board of Directors of Conzzeta AG, Zurich

Mandates in non-listed companies

Member of the Board of Directors, Raiffeisenbank, Zufikon; Chairman of the Board of Directors, Eisenbergwerk Gonzen AG, Sargans; Chairman of the Board of Directors of Aargau Verkehr AG (AVA), Aarau

Other significant activities

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Alain Carrupt

Swiss school-leaving certificate in economics

Career history

1978–1994 PTT companies, most recently as Head of Administration at the telecoms directorate in Sion; 1994–2000 PTT Union, Central Secretary of the Telecommunications sector; 2000–2010 Communications Union: 2000–2002 Deputy General Secretary and Head of Personnel, 2003–2008 Vice Chairman, 2008–2010 Chairman; 2011–2016 syndicom Trade Union: 2011–2013 Joint Chairman, 2013–February 2016 Chairman

Mandates

–

Other significant activities

Since September 2020 President of the association Opération Boule à Zéro, Belfaux



Frank Esser

**Graduate in Business Administration,
Doctorate in Economics (Dr. rer. pol.)**

Career history

1988–2000 Mannesmann Deutschland, most recently from 1996 member of the Executive Board of Mannesmann Eurokom; 2000–2012 Société Française du Radiotéléphone (SFR): 2000–2002 Chief Operating Officer (COO), 2002–2012 CEO, in this function from 2005–2012 also a member of the Group Executive Board of the Vivendi Group

Mandates in listed companies

Until March 2020 Member of the Board of Directors of interXion Holding N.V., Amsterdam; since February 2020 Member and since April 2020 Chairman of the Board of Directors of SES S.A., Luxembourg

Other significant activities

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Barbara Frei

**Degree in Mechanical Engineering, ETH;
Doctorate (Dr. sc. techn.), ETH Zurich; Master
of Business Administration, IMD Lausanne**

Career history

1998–2016 ABB Group in various managerial positions, including 2008–2010 ABB s.r.o., Prague, Country Manager; 2010–2013 ABB S.p.A., Sesto San Giovanni (Italy), Country Manager and Regional Manager Mediterranean; 2013–2015 Drives and Control Unit, Managing Director; 2016 Head of Strategic Portfolio Reviews for the Power Grids division; since December 2016 Schneider Electric, Paris: Chair of the Executive Committee of Schneider Electric GmbH, Germany, in which capacity she was also Zone President Germany until June 2017; July 2017–December 2018 Zone President Germany, Austria and Switzerland for the group Schneider Electric, Paris; since January 2019 Executive Vice President Europe Operations

Mandates in listed companies

Member of the Board of Directors, Swiss Prime Site, Olten

Mandates in non-listed companies

Mandate for Schneider Electric Group: Chair of the Board of Directors of Schneider Nordic Baltic A/S; since May 2020 member of the Board of Directors of Schneider Electric Industries SAS, Rueil-Malmaison

Other significant activities

–



Sandra Lathion-Zweifel

Degree in Law, attorney-at-law; Master of Laws from the University of Zurich and Columbia University, New York; trader's licence from SIX Swiss Exchange

Career history

2005–2010 lawyer for Mergers & Acquisitions, Lenz & Staehelin law firm, Zurich; 2010–2014 Head of Financial Products, Legal & Compliance, Credit Suisse AG, Zurich; 2014–2018 Head of the Institutions and Products section of the Asset Management division of the Swiss Financial Market Supervisory Authority (FINMA); 2018–June 2019 counsel for Banking & Finance, Lenz & Staehelin law firm, Geneva

Mandates in listed companies

Member of the Board of Directors, Banque Cantonale du Valais, Sion

Other significant activities

Member of the Advisory Board of the Capital Markets and Technology Association, Geneva



Anna Mossberg

Executive MBA for Growing Companies, Stanford Business School, Palo Alto, USA; Master of Science in Industrial Engineering and Management, Lulea University of Technology, Lulea, Sweden

Career history

1996–2010 Telia: in various roles, including Vice President and Head of Business & Product Management, Head of Internet, Consumer Segment, Director Data Services, Product & Services; 2010 Bahnhof AB, CEO; 2011 Stanley Securities AB, Senior Advisor; 2012–2014 Deutsche Telekom, Senior Vice President Strategy and Portfolio Management; 2015–March 2018 Google Ltd, Sweden, member of the Management Team

Mandates in listed companies

Member of the Board of Directors, Swedbank AB, Stockholm; member of the Board of Directors, Schibsted ASA, Oslo; since March 2020 member of the Board of Directors, Orkla ASA, Oslo

Other significant activities

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Michael Rechsteiner

Master of Science in Mechanical Engineering, Zurich Federal Institute of Technology (ETH); Master of Business Administration, University of St. Gallen (HSG)

Career history

1990–2000 various roles at ABB Kraftwerke AG, most recently General Manager of ABB Power Generation Asia, Kuala Lumpur, Malaysia; 2000–2002 Head of Power Plants, Vice President Project Execution, Alstom Power; 2003–2007 Chief Operating Officer, Sultex; 2007–2015 various roles at Alstom Power, most recently CEO and Senior Vice President Power Service; 2015–2017 General Electric (GE) Officer and Vice President of Global Product Lines at GE Power Services; since April 2017 managerial responsibility for GE Power Services Europe and CEO of GE Gas Power Europe

Mandates in non-listed companies

GE mandates: President of the Executive Board, General Electric (Switzerland) GmbH, Baden, Switzerland; until January 2021 member of the Supervisory Board, GE Power sp. z o.o., Warsaw

Mandates in interest groups, charitable associations, institutions and foundations, and employee retirement benefit foundations

GE mandate: Board of Trustees of General Electric Switzerland Pension Fund

Other significant activities

Member of the Board of Swissmem



Renzo Simoni

Doctorate in Mechanical Engineering (Dr. sc. techn.), Zurich Federal Institute of Technology (ETH)

Career history

1985–1989 Gruner Group, technical assistant in Civil Engineering and Building Construction; 1989–1995 Federal Institute of Technology in Zurich (ETH Zurich), scientific assistant; 1995–1998 ETH Zurich, lecturer (part-time); 1995–2002 Ernst Basler + Partner AG, Civil Engineering Developer Consulting Services; 2002–2006 Helbling Beratung + Bauplanung AG, member of the Management Board, most recently as Co-CEO; 2007–2017 AlpTransit Gotthard AG, Chairman of the Management Board

Mandates in non-listed companies

Member of the Board of Directors, Gruner AG, Basel; member of the Board of Directors, Rhätische Bahn AG, Chur; Chairman of the Board of the Psychiatric Hospital of the University of Zurich; since November 2020 Chairman of Verkehrsbetriebe Luzern AG, Lucerne

Other significant activities

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4.3 Composition of the Board of Directors

The Board of Directors regularly examines its composition and plans the appointments to the committee positions on an annual basis. The members of the Board of Directors possess comprehensive expertise in important areas and broad experience.

The following diagrams show breakdowns of the Board of Directors by competency, term of office and gender.

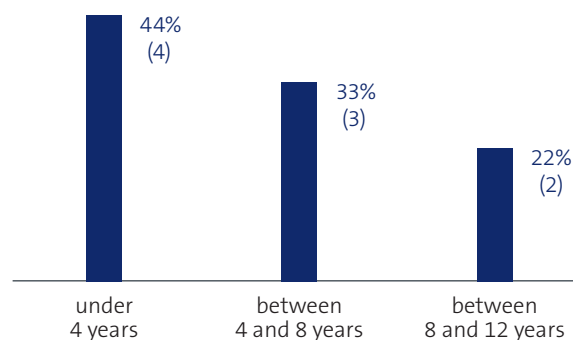
Board of Directors by career, experience, skills and knowledge

In % and (number of members) as of 31 December 2020



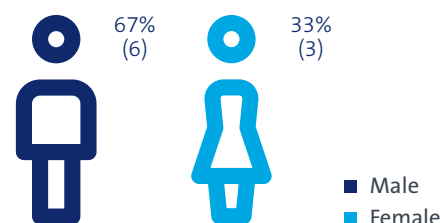
Board of Directors by length of term of office

In % and (number of members) as of 31 December 2020



Board of Directors by gender

In % and (number of members) as of 31 December 2020



The Board of Directors of Swisscom Ltd thus already complies with the requirements of Swiss company law regarding gender representation on the boards of directors of listed companies, which have been in force since 1 January 2021.

4.4 Independence

To establish the independence of its members, the Board of Directors applies the criteria set out in the Swiss Code of Best Practice for Corporate Governance published by economiesuisse. Independent members are thus understood to mean non-executive members of the Board of Directors who were never a member of the executive management or who have not been a member of the executive management for at least three years and who have no or only comparatively minor business relations with the company. The term of office of a member of the Board of Directors is not a criterion that can be used to assess independence. No members of the Board of Directors hold an executive role within the Swisscom Group or have held such a role in any of the three business years prior to the reporting year. The Board members have no significant commercial links with

Swisscom Ltd or the Swisscom Group. The Swiss Confederation, represented on the Board by Renzo Simoni, holds the majority of the capital and voting rights in Swisscom in accordance with the Telecommunications Enterprise Act (TEA). Customer and supplier relationships exist between the Swiss Confederation and Swisscom. Details of these are provided in Note 6.2 to the consolidated financial statements.

□ See report page 170

4.5 Election and term of office

Under the terms of the Articles of Incorporation, the Board of Directors comprises between seven and nine members and, if necessary, the number can be increased temporarily. Under the Articles of Incorporation of Swisscom Ltd, the Swiss Confederation is entitled to appoint two representatives to the Board of Directors of Swisscom Ltd. At present, only one representative is appointed. Under the terms of the TEA, employees must be granted appropriate representation on the Board of Directors of Swisscom Ltd. The Articles of Incorporation also stipulate that the Board of Directors is to include two employee representatives and that employees are entitled to make proposals for their employee representatives. Alain Carrupt was nominated as employee representative by the syndicom trade union and Sandra Lathion-Zweifel was nominated as employee representative by the transfair staff association. The employee representatives are elected by the shareholders at the Annual General Meeting upon a motion proposed by the Board of Directors, as are the other members of the Board of Directors with the exception of the representative of the Swiss Confederation, who is appointed by the Federal Council.

The Annual General Meeting elects the members and the Chairman of the Board of Directors as well as the members of the Compensation Committee individually for a term of one year. The term of office runs until the conclusion of the following Annual General Meeting. Re-election is permitted. If the office of the Chairman is vacant or the number of members of the Compensation Committee falls below the minimum number of three members, the Board of Directors nominates a chairman from among its members or appoints the missing member(s) of the Compensation Committee to serve until the conclusion of the next Annual General Meeting. Otherwise, the Board of Directors constitutes itself. The maximum term of office for members elected by the Annual General Meeting, as a rule, is a total of twelve years. This flexible arrangement makes it possible for shareholders to extend the maximum term of office in exceptional cases if special circumstances exist. Members who reach the age of 70 retire from the Board as of the date of the next Annual General Meeting. The maximum term of

office and age limit for the representative of the Swiss Confederation are determined by the Federal Council.

4.6 Succession planning

The Board of Directors regularly examines whether its members' qualifications, abilities and experience are still aligned with the Board's needs and requirements. The Board commences the evaluation of potential new members early on so as to ensure that it has access to the expertise it requires, is well-diversified and can nominate new members as needed in the future. As a guide for the ad-hoc Nomination Committee, the Board of Directors formulates a requirements profile specifying the qualifications, skills and experience that are desired. On the basis of this, the Nomination Committee evaluates potential candidates and makes recommendations to the Board of Directors for the election of new Board members by the Annual General Meeting. The Board of Directors submits a motion to the Annual General Meeting regarding the approval of new Board members.

4.7 Ongoing development and continuing education

The Board of Directors attaches great importance to the ongoing development and continuing education of the Board and its individual members. The Board of Directors and its individual committees generally assess their own performance and efficiency once a year in December or January. They assess the work of the respective body and the performance of the Board or Committee Chairman. Each body conducts a self-evaluation on the basis of a questionnaire. The self-evaluation covers the composition, organisation and work processes of the body, responsibilities under the Organisational Rules and the priorities and goals for the reporting year. The Board of Directors and the Committees discuss the results of the survey and formulate goals and measures for the following/current year. The Chairman also conducts a one-on-one annual discussion with each member in which possibilities for further individual development may be addressed.

Once a year, a one-day mandatory training course is held such as those in January 2020 and 2021. At least four times per year, the members of the Board of Directors also have the opportunity to explore the upcoming challenges facing the Group and business divisions in-depth as part of "company experience days". The majority of the Board members regularly take advantage of these opportunities. In addition, all the members of the Board of Directors attend the Swisscom Group's annual management meeting whenever possible. New Board members are given a task-specific introduction to their duties. At a one-day introduction, they are provided with an overview of Group management, the business and the

current operational challenges. In addition, they are introduced to topics related to the Italian subsidiary Fastweb and attend task-related training courses.

4.8 Chairman of the Board of Directors

Hansueli Loosli has been a member of the Board of Directors since 2009 and Chairman of the Board since September 2011. He will reach the maximum term of office – usually twelve years – at the Annual General Meeting of 31 March 2021 and will therefore step down from the Board of Directors. The Board of Directors will propose that the Annual General Meeting elects Michael Rechsteiner as his successor. The tasks and responsibilities of the Chairman are defined in the Organisational Rules. In the event that the Chairman of the Board of Directors is unavailable or there is a potential conflict of interest, the Vice-Chairman, Frank Esser, takes over the Chairman's tasks and responsibilities.

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4.9 Internal organisation and modus operandi

The Board of Directors is responsible for the strategic and financial management of Swisscom and for monitoring the company's executive management. As the supreme governing body of the company, it has decision-making authority unless such authority is granted to the Annual General Meeting by virtue of law.

The Board of Directors is usually convened once per month by the Chairman (except in July and November) for a one-to-two-day meeting. Further meetings are convened as business requires. In the event that the Chairman is hindered, the meeting is convened by the Vice-Chairman. The Chairman sets the agenda. Any Board member may request the inclusion of further

items on the agenda. The Board members receive the agenda and supporting documentation approximately ten days prior to the meetings, so that they can prepare. The CEO, the CFO and the Head of Group Strategy & Board Services always attend the Board meetings as well. At every Board meeting, the Chairman of the Board, the CEO and the Chief Personnel Officer report on particular events, on the general course of business and major business transactions, as well as on any measures that have been implemented. To further ensure appropriate reporting to the members of the Board, the Board of Directors invites members of the Group Executive Board and senior employees of Swisscom as well as auditors and other internal and external experts, as necessary, to all its meetings as dictated by the specific issues being addressed. In the year under review, the Board of Directors called on an external consultant to review the Group's incentive system, while the CEO also commissioned two external audits on network faults in consultation with the Board of Directors. The auditors presented their findings to the Board of Directors.

The duties, responsibilities and modus operandi of the Board of Directors and its conduct with respect to conflicts of interest are defined in the Organisational Rules and in the rules governing the standing committees.

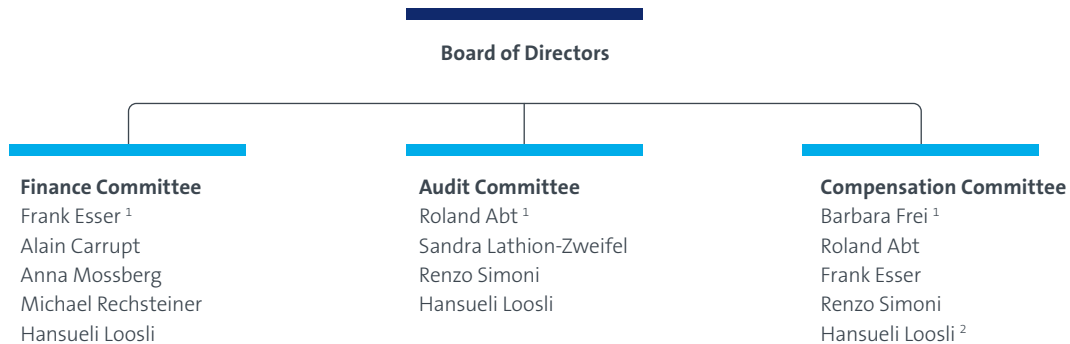
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The following table gives an overview of the Board of Directors' meetings, conference calls and circular resolutions in 2020. Due to the measures implemented by the authorities as a result of the Covid-19 pandemic, the Board of Directors held some meetings exclusively via video conference or connected individual members to meetings via Skype.

	Meeting days	Conference calls	Circular resolutions
Total	11	1	3
Average duration (in hours)	07:13	00:50	–
Participation:			
Hansueli Loosli, Chairman	11	1	3
Roland Abt	11	1	3
Alain Carrupt	11	1	3
Frank Esser, Deputy Chairman	9	1	3
Barbara Frei	11	1	3
Sandra Lathion-Zweifel	11	1	3
Anna Mossberg	9	1	3
Michael Rechsteiner	11	1	3
Renzo Simoni	10	1	3

4.10 Committees of the Board of Directors

The Board of Directors has delegated individual tasks to committees. The standing committees of the Board of Directors of Swisscom Ltd were constituted as follows as at 31 December 2020:



¹ Chairman/chairwoman of the Board of Director's committee

² No voting rights

The Board of Directors has three standing committees (Audit, Finance and Compensation) and one ad-hoc committee (Nomination) tasked with carrying out detailed examinations of matters of importance. In accordance with the rules governing the committees, they usually each consist of three to six members. As a rule, each member of the Board of Directors sits on at least one of the standing committees. Subject to being appointed to the Compensation Committee (without voting rights), the Chairman of the Board of Directors is a member of all the standing committees. The standing committees are chaired by other members, however. The chairs of the committees report verbally on the latest committee meetings at the next meeting of the Board of Directors. All members of the Board of Directors also receive copies of all Finance and Audit Committee meeting minutes. The minutes of the Compensation Committee and the Nomination Committee are provided to the other members of the Board of Directors upon request.

Finance Committee

The Finance Committee prepares information for the Board of Directors on corporate transactions, for example, in connection with setting up or dissolving significant Group companies, acquiring or disposing of significant

shareholdings, and entering into or terminating strategic alliances. The Committee also acts in an advisory capacity on matters relating to major investments and divestments and examines specific current issues in depth. The Finance Committee has the ultimate decision-making authority when it comes to issuing rules of procedure and directives in the areas of Mergers & Acquisitions and Corporate Venturing. Details of the Committee's activities and responsibilities are set out in the Finance Committee rules of procedure.

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The Finance Committee is convened by the Chairman or at the request of a Committee member as often as business requires, but as a rule once per quarter within the framework of a half-day meeting. The CEO, the CFO and the Head of Group Strategy & Board Services always attend the meetings of the Finance Committee. In 2020, all the meetings were also attended by other members of the Group Executive Board, members of the Management Boards of strategic Group companies or project managers, depending on the agenda items. The Finance Committee did not call on any external consultants during the reporting year.

The following table gives an overview of the Finance Committee's composition, meetings, conference calls and circular resolutions in 2020. Due to the measures implemented by the authorities as a result of the Covid-19 pandemic, the committee held one meeting exclusively via video conference and connected some individual members to meetings via Skype.

	Meetings	Conference calls	Circular resolutions
Total	3	–	–
Average duration (in hours)	04:50	–	–
Participation:			
Frank Esser, Chairman	2	–	–
Alain Carrupt	3	–	–
Anna Mossberg	2	–	–
Michael Rechsteiner	3	–	–
Hansueli Loosli	3	–	–

Audit Committee

The Audit Committee handles all business relating to financial management (for example, accounting, financial controlling, financial planning, tax strategy and financing), assurance (risk management, the internal control system, compliance and internal audit), security and external audit. It also handles matters dealt with by the Board of Directors that call for specific financial expertise (dividend policy, for example). The Committee is the Board of Directors' most important controlling instrument and is responsible for monitoring the Group-wide assurance functions. It formulates positions on business matters which lie within the decision-making authority of the Board of Directors and has the final say on those business matters for which it has the decision-making authority. Details of the Committee's activities and responsibilities are set out in the Audit Committee rules of procedure.

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The Audit Committee is composed of four independent members. The Chairman and one other member of the Committee are experts in the financial field, and the majority of the remaining Committee members are experienced in finance and accounting. The Audit Committee is convened by the Chairman or at the request of a Committee member as often as business requires, but

at least once per quarter and one additional time in December. The meetings usually last between three and six hours. The CEO, CFO, Head of Group Strategy & Board Services, Head of Accounting, Head of Internal Audit and the external auditors always attend the Audit Committee meetings. In 2020, the Board of Directors called upon other members of the Group Executive Board and Swisscom management to attend, depending on the agenda. The Audit Committee can also involve independent third parties such as lawyers, public accountants and tax experts as required. The Audit Committee invited external consultants to one of its meetings during the reporting year.

The Chairman of the Committee also liaises closely with the Heads of Internal Audit and Accounting and the representatives of Swisscom's external auditors outside of the meetings. He and individual members of the Audit Committee also meet with Fastweb's internal and external auditors once a year to discuss the current challenges facing Fastweb.

The following table gives an overview of the Audit Committee's composition, meetings, conference calls and circular resolutions in 2020. The Committee held one meeting via videoconference due to the measures implemented by the authorities as a result of the Covid-19 pandemic.

	Meetings	Conference calls	Circular resolutions
Total	5	–	–
Average duration (in hours)	04:32	–	–
Participation:			
Roland Abt, Chairman ¹	5	–	–
Sandra Lathion-Zweifel	5	–	–
Renzo Simoni	5	–	–
Hansueli Loosli ¹	5	–	–

¹ Financial expert.

Compensation Committee

For information on the Compensation Committee, refer to the section “Remuneration Report”.

□ See report page 97

Nomination Committee

The Nomination Committee is formed on an ad-hoc basis for the purpose of preparing the groundwork for electing new members to the Board of Directors and the Group Executive Board when needed. The Committee is presided over by the Chairman of the Board of Directors and its composition is determined on a case-by-case basis. The Committee carries out its work based on a specific requirements profile defined by the Board of Directors outlining the qualifications and experience sought. It then presents suitable candidates to the Board of Directors, but has no further decision-making authority. The Board of Directors appoints the members of the Group Executive Board and decides upon the motion to be proposed to the Annual General Meeting for the election and approval of members of the Board of Directors. The Nomination Committee is convened by the Chairman or at the request of a Committee member as often as business requires. In December 2019, the Board of Directors appointed a Nomination Committee composed of the following members to identify succession candidates for the Board of Directors: Hansueli Loosli (Chairman), Frank Esser, Anna Mossberg and Michael Rechsteiner. The Nomination Committee met twice in the 2020 financial year. The meetings lasted for an average of 1 hour and 50 minutes, with all members present. In February, the Board of Directors appointed a further Nomination Committee composed of the following members to identify candidates to succeed the CFO: Hansueli Loosli (Chairman), Frank Esser, Roland Abt and Sandra Lathion-Zweifel. The Committee held one meeting lasting 2 hours and 50 minutes, with all members present. The succession of the CPO was dealt with directly in the plenary session of the Board of Directors.

4.11 Assignment of powers of authority

The Telecommunications Enterprise Act (TEA) refers to the Swiss Code of Obligations regarding the non-transferable and irrevocable duties of the Board of Directors of Swisscom Ltd. Pursuant to Article 716a of the Code of Obligations, the Board of Directors is responsible for the overall management and supervision of persons entrusted with managing the company's operations. It decides on the appointment and removal of members of the Group Executive Board. The Board of Directors also sets the strategic, organisational, financial planning and accounting guidelines, including the tax strategy, taking into account the goals that the Swiss Confederation, as majority shareholder, aims to achieve. The Federal Council formulates these goals for a four-year period in accordance with the provisions of the TEA.

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The Board of Directors has delegated day-to-day business management to the CEO in accordance with the TEA and the Articles of Incorporation. In addition to the duties reserved for it under the law, the Board of Directors decides on business transactions of major importance to the Group, including, for example, the acquisition or disposal of companies with a financial exposure in excess of CHF 20 million and capital investments or divestments thereof with a financial exposure in excess of CHF 50 million. The division of powers between the Board of Directors and the CEO is set out in detail in the Organisational Rules and in Annex 2 to the Organisational Rules, “Rules of Procedure and Accountability” (see function diagram).

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4.12 Information and controlling instruments of the Board of Directors vis-à-vis the Group Executive Board

The Board of Directors is briefed comprehensively so it can fulfil its tasks and responsibilities. The Chairman of the Board of Directors and the CEO discuss fundamental issues concerning Swisscom Ltd and its Group companies at least once a month. The Chairman also meets in person with each member of the Group Executive Board as well as the heads of other Group and business divisions at least once a year for an in-depth discussion of topical issues.

The CEO also provides the Board of Directors at every ordinary meeting with detailed information on the course of business, major projects and events, and any measures adopted. Every month, the Board of Directors receives a report containing all key performance indicators relating to the Group and the segments. In addition, the Board of Directors receives a quarterly report on the course of business, financial position, results of operations and risk position of the Group and the segments. It also receives projections for operational and financial developments for the current financial year. The management reporting is carried out in accordance with the same financial statement reporting policies as for external financial reporting. It also includes key non-financial information that is important for controlling and steering purposes. The Board of Directors is informed in writing about other current or material issues on an ongoing and timely basis. Every member of the Board of Directors is entitled to request information on all matters relating to the Group at any time, provided this does not conflict with the provisions regarding the reclusion of a member from Board deliberations or confidentiality obligations. The Board of Directors is informed immediately of any events of an exceptional nature.

The Board of Directors is responsible for establishing and monitoring the Group-wide assurance functions of risk management, internal control system, compliance and internal audit and is briefed comprehensively on these matters at least once a year.

Risk management

The Board of Directors has set the objective of protecting the company's enterprise value through the implementation of Group-wide risk management. A corporate culture that promotes the conscious handling of risks facilitates the achievement of this objective. Accordingly, Swisscom has implemented a Group-wide, central risk management system that is based on ISO Standard 31000 and takes account of both external and internal events. Swisscom engages in level-appropriate, comprehensive reporting and maintains the appropriate documentation. Its objective is to identify, assess and address significant risks and opportunities in good time. To this end, the central Risk Management unit, which reports to both the CFO and Controlling, works closely with the Controlling and Strategy departments and other assurance functions and line functions. The risk management system is examined periodically by an external auditor. Swisscom assesses its risks in terms of the probability that they will occur and their quantitative and qualitative effects in the event that they do occur. It manages risks on the basis of a risk strategy. The risks are evaluated in terms of their impact on key performance indicators. Swisscom reviews and updates its risk profile on a quarterly basis. The Audit Committee and the Group Executive Board are provided with a report on risks every quarter, as well as in-depth information in April and December on significant risks, their potential effects and the status of remedial measures. The Board of Directors is briefed on an annual basis. In urgent cases, the Chairman of the Audit Committee is informed without delay about any significant new risks. The risk factors are described in the Risks section of the Management Commentary.

□ See report page 66

Internal control system and financial reporting

The internal control system (ICS) ensures the reliability of financial reporting with an appropriate degree of assurance. It acts to prevent, uncover and correct substantial errors in the consolidated financial statements, the financial statements of the Group companies and the remuneration report. The ICS encompasses the following internal control components: control environment, assessment of accounting risks, control activities, monitoring controls, information and communication. The Accounting unit, which reports to the CFO, manages and monitors the ICS. Internal Audit periodically reviews the functioning and effectiveness of the ICS. Significant

shortcomings in the ICS identified during these monitoring and review activities are reported together with the corrective measures in a status report to the Audit Committee twice a year and to the Board of Directors on an annual basis. Should the ICS risk assessment change significantly, the Chairman of the Audit Committee is informed without delay. Corrective measures to remedy the shortcomings are monitored by the Accounting unit. The Audit Committee assesses the performance and effectiveness of the ICS on the basis of the periodic reporting.

Compliance management

The Board of Directors has set the objective of safeguarding the Swisscom Group and its executive bodies and employees from legal sanctions, financial losses and reputational damage by ensuring Group-wide compliance. A corporate culture that promotes willingness to behave in a way that complies with the relevant regulations is intended to help achieve this objective. The applicable principles are laid down in the Code of Conduct approved by the Board of Directors. Swisscom has therefore implemented a Group-wide, central compliance system. Within the framework of this system, every year Group Compliance applies a risk-based approach to identify areas of legal compliance that require monitoring by the central system. Within these areas of legal compliance, the business activities of the Group companies are reviewed periodically in a proactive manner in order to identify risks in good time and determine the required corrective measures. The employees affected are informed of the measures and their implementation is monitored. The decentralised Compliance functions independently monitor legal compliance in the areas for which they are responsible and report their findings to Group Compliance. Once every year, Group Compliance reviews the appropriateness and effectiveness of the system. In certain areas, an annual audit of the implemented measures is also performed by external auditors (financial intermediation in accordance with the Money Laundering Act). Group Compliance reports to the Audit Committee and the Board of Directors once per annum on its activities and its risk assessments. Should there be significant changes in the risk assessment or if serious breaches are identified, the Chairman of the Audit Committee is informed without delay.

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Internal auditing

Internal auditing is carried out by the Internal Audit unit. Internal Audit supports the Swisscom Ltd Board of Directors and its Audit Committee in fulfilling their statutory and regulatory supervisory and controlling obligations. Internal Audit also supports management by highlighting areas of potential for improving business processes

and the assurance functions. It documents the audit findings and monitors the implementation of measures.

Internal Audit is responsible for planning and performing audits throughout the Group in compliance with professional auditing standards and possesses maximum independence. It is under the direct control of the Chairman of the Board of Directors and provides reports to the Audit Committee. At an administrative level, Internal Audit provides reports to the Head of Group Strategy & Board Services.

Internal Audit liaises closely and exchanges information with the external auditors. The external auditors have unrestricted access to the audit reports and audit files of Internal Audit. Internal Audit closely coordinates audit planning with the external auditors. The integrated strategic audit plan, which includes the coordinated annual

plan of both the internal and external auditors, is prepared annually on the basis of a risk analysis and presented to the Audit Committee for approval. Notwithstanding the above, the Audit Committee can commission special audits based on information received on the whistle-blowing platform operated by Internal Audit. This reporting procedure, approved by the Audit Committee, ensures that objections raised relating to external reporting, financial reporting and assurance functions can be submitted anonymously and handled confidentially. At its meetings, which are held at least quarterly, the Audit Committee is briefed on audit findings, the reports submitted to the whistle-blowing platform and the status of any corrective measures implemented. The Head of Internal Audit took part in all five meetings of the Audit Committee in 2020. He reported on audit findings at two meetings of the full Board of Directors.



Group Executive Board, 1 March 2021.

5 Group Executive Board

5.1 Members of the Group Executive Board

In accordance with the Articles of Incorporation, the Executive Board comprises one or more members, who must not be members of the Board of Directors of Swisscom Ltd at the same time. Temporary exceptions are only permitted in exceptional cases. The Board of Directors has delegated responsibility for the overall

executive management of Swisscom Ltd to the CEO. The CEO is entitled to delegate his powers to subordinates, mainly to other members of the Group Executive Board. The members of the Group Executive Board are appointed by the Board of Directors.

□ See report page 70

An overview of the composition of the Group Executive Board as at 31 December 2020 is given in the table below.

Name	Nationality	Year of birth	Function	Appointed to the Group Executive Board as of
Urs Schaeppi ¹	Switzerland	1960	CEO Swisscom Ltd	March 2006
Mario Rossi	Switzerland	1960	CFO Swisscom Ltd	January 2013
Hans C. Werner	Switzerland	1960	CPO Swisscom Ltd	September 2011
Urs Lehner	Switzerland	1968	Head of Business Customers	June 2017
Christoph Aeschlimann	Switzerland	1977	Head of IT, Network & Infrastructure	February 2019
Dirk Wierzbitzki	Germany	1965	Head of Residential Customers	January 2016

¹ Since November 2013 CEO.

Amendments as at 1 February and 1 March 2021

The Board of Directors has appointed Klementina Pejic (1974, German citizen) as Head of Human Resources (CPO) and member of the Group Executive Board with effect from 1 February 2021. She takes over from Hans Werner, who stepped down with effect from 31 January 2021. The Board of Directors has also appointed Eugen Stermetz (1972, Austrian citizen) as Chief Financial Officer, Head of Group Business Steering and member of

the Group Executive Board with effect from 1 March 2021. The current CFO, Mario Rossi, will relinquish his position on 28 February 2021.

As of 1 February 2021, the Group Executive Board thus complies with the requirements of Swiss company law regarding gender representation on the management boards of listed companies, which have been in force since 1 January 2021.

5.2 Education, professional activities and affiliations

Key details of the careers and qualifications of the members of the Group Executive Board are provided below along with a summary of the mandates they hold outside the Group and other significant activities. Pursuant to the Articles of Incorporation, the Group Executive Board members may perform no more than one additional mandate in listed companies and no more than two additional mandates in non-listed companies. In total, they may not perform more than two such additional mandates. These restrictions on the number of mandates do not apply to mandates performed by an Executive Board member by order of Swisscom or to mandates in interest groups, charitable associations, institutions and foundations or employee retirement-benefit foundations. The number of mandates held by order of Swisscom is limited to ten, while the number of mandates in interest groups, charitable associations, institutions and foundations, and employee retirement-benefit foundations is limited to seven. Prior to accepting new mandates and other duties outside the Swisscom Group, the members of the Group Executive Board are obligated to obtain the approval of the Chairman of the Board of Directors. Details on the regulation of external mandates, in particular the definition of the term “mandate” and information on other mandates that do not fall under the aforementioned numerical restrictions for listed and non-listed companies, are set out in Article 8.3 of the Articles of Incorporation. None of the members of the Group Executive Board exceeds the set limits for mandates. The members of the Group Executive Board perform most of their other significant activities by order of Swisscom.

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The members of the Group Executive Board are required to order their personal and business affairs and take whatever measures are necessary to ensure that conflicts of interest are avoided as far as possible. Should a conflict of interest nevertheless arise, the member concerned must inform the CEO and/or Chairman immediately. The members of the Group Executive Board are obliged to abstain from negotiations in business which conflict with their own interests or with the interests of natural or legal persons closely associated with them.



Urs Schaeppi

Degree in Engineering (Dipl. Ing., Zurich Federal Institute of Technology (ETH)) and Business Administration (lic. oec., University of St. Gallen (HSG))

Career history

1994–1998 plant manager, Biberist paper factory; 1998–2006 Head of Commercial Business, Swisscom Mobile; 2006–2007 CEO, Swisscom Solutions Ltd; 2007–August 2013 Head of Enterprise Customers, Swisscom (Switzerland) Ltd; since January 2013 Head of Swisscom (Switzerland) Ltd; 23 July–6 November 2013 acting CEO, Swisscom Ltd, since 7 November 2013 CEO and since March 2006 member of the Swisscom Group Executive Board

Mandates by order of Swisscom

Member of the Executive Board, Association Suisse des Télécommunications (asut), Berne; member of the Foundation Board, IMD International Institute for Management Development, Lausanne; until January 2020 member of the Board of Directors, Admeira AG, Berne; member of the Board of Trustees of the Swiss Entrepreneurs Foundation

Other significant activities

Member of the Board of Directors, Swiss-American Chamber of Commerce, Zurich; member of the Executive Board, Glasfasernetz Schweiz, Berne; member of the Advisory Board of the Department of Economics of the University of Zurich; member of the Steering Committee of digitalswitzerland, Zurich (formerly Digital Zurich 2025); member of the international Advisory Committee of the ZHAW School of Management and Law, Zurich



Mario Rossi (stepping down with effect from 28 February 2021)
Commercial apprenticeship;
Swiss Certified Public Accountant

Career history

1998–2002 Swisscom Ltd, Head of Group Controlling; 2002–2006 Swisscom Fixnet Ltd, Chief Financial Officer (CFO); 2006–2007 Swisscom Ltd, CFO and member of the Group Executive Board; 2007–2009 Fastweb S.p.A., CFO; 2009–2012 Swisscom (Switzerland) Ltd, CFO; since January 2013 Swisscom Ltd, CFO and again member of the Swisscom Group Executive Board

Mandates by order of Swisscom

President of the Board of Trustees, comPlan, Berne; member of the Board of Directors, Belgacom International Carrier Services S.A., Brussels

Mandates in interest groups, charitable associations, institutions and foundations, and employee retirement-benefit foundations

Member of the Foundation Board of the Hasler Foundation, Berne

Other significant activities

Member of the Sanctions Committee of SIX Swiss Exchange AG, Zurich; member of the Board of Directors of SwissHoldings, Berne



Hans C. Werner (stepped down with effect from 31 January 2021)
Graduate in business management,
PhD in business administration (Dr. oec.)

Career history

1997–1999 Kantonsschule Büelrain, Winterthur, Rector; 1999–2007 Swiss Re: 1999–2000 Head of Technical Training and Business Training, 2001 Divisional Operation Officer, Reinsurance & Risk Division, 2002–2003 Head of Human Resources (HR) Corporate Centre and HR Shared Services, 2003–2007 Head of Global HR; 2007–2009 Schindler Aufzüge AG, Head of HR and Training; 2010–2011 Europe North and East Schindler, HR Vice President; since September 2011 Swisscom Ltd, Chief Personnel Officer (CPO) and member of the Swisscom Group Executive Board

Mandates by order of Swisscom

Until January 2021 member of the Board of Trustees, comPlan, Berne

Mandate in non-listed company

Member of the Board of Directors, Kantonsspital Aarau AG

Mandates in interest groups, charitable associations, institutions and foundations, and employee retirement-benefit foundations

Since April 2020 member of the Foundation Board of the Careum Foundation, Zurich

Other significant activities

Member of the Board, Swiss Employers' Association, Zurich; President of the Institute Council of the International Institute of Management in Technology (iimt) of the University of Fribourg



Urs Lehner

Degree in IT Engineering (UAS, University of Applied Sciences), Executive MBA in Business Engineering, University of St. Gallen (HSG)

Career history

1997–2013 Trivadis Group, most recently: 2004–2008 Solution Portfolio Manager, member of the Executive Board of Trivadis Group, 2008–2011 Chief Operating Officer (COO) of Trivadis Group, 2011–2013 member of the Board of Directors of Trivadis Holding AG; July 2011–June 2017 Swisscom (Switzerland) Ltd: July 2011–December 2013 Head of Marketing & Sales Corporate Business, 2014–2015 Head of Marketing & Sales Enterprise Customers, 2016–June 2017 Head of Sales & Services Enterprise Customers; since June 2017 Head of Business Customers (known as “Enterprise Customers” until 2019) and member of the Swisscom Group Executive Board

Mandates

–

Other significant activities

Since July 2020 member of the Advisory Board of BKW Innovation GmbH, Berlin



Christoph Aeschlimann

Degree in Computer Science (Dipl. Ing.), École polytechnique fédérale de Lausanne (EPFL); MBA, McGill University (Canada)

Career history

2001–2004 Odyssey Asset Management Systems, Software Development Manager; 2006–2007 Zühlke Group, Business Unit Manager; 2007–2011 Odyssey Financial Technologies: 2007–2008 Area Services Manager, 2008–2011 Senior Account Manager EMEA; 2011–2012 BSB, Head of Switzerland and General Manager D-A-CH & CIS; 2012–2018 ERNI Group: 2012–2014 Business Area Manager, 2014–2017 Managing Director Switzerland, 2017–2018 CEO; since February 2019 Swisscom, Head of IT, Network & Infrastructure and member of the Swisscom Group Executive Board

Mandates

–

Other significant activities

Since January 2020 member of the CIO Advisory Board, Dell



Dirk Wierzbitzki
Degree in Electrical Engineering (Dipl. Ing.)

Career history

1994–2001 Mannesmann (now Vodafone Germany): various management roles in the area of product management; 2001–2010 Vodafone Group: 2001–2003 Director for Innovation Management, Vodafone Global Products and Services, 2003–2006 Director of Commercial Terminals, 2006–2008 Director of Consumer Internet Services and Platforms, 2008–2010 Director of Communications Services; 2010–2015 Swisscom (Switzerland) Ltd: member of Management Residential Customers, 2010–2012 Head of Customer Experience Design for Residential Customers, 2013–2015 Head of Fixed-network Business & TV for Residential Customers; since January 2016 Swisscom: until 2019 Head of Products & Marketing and since 2020 Head of Residential Customers; since 2016 member of the Swisscom Group Executive Board

Mandates by order of Swisscom

Member of the Board of Directors, SoftAtHome, Paris; until January 2020 member of the Board of Directors, Admeira AG, Berne

Other significant activities

–



Klementina Pejic (from 1 February 2021)
Dortmund University of Applied Sciences;
École de Commerce ESSEC Cergy-Pontoise
International Business M. A.

Career history

2001–2002 Watson Wyatt AG, Zurich, Consultant; 2003–2020 Clariant International AG: 2003–2004 Divisional HR Manager, 2005–2007 Global HR Business Partner, 2008–2009 Head of Management Development Europe, 2009–2011 Head of Global Talent Management, 2012–2013 Head of Senior Management Development, 2014–2017 Head of SMD & People Excellence, 2018–January 2021 Head of Human Resources; since 1 February 2021 Swisscom Ltd, CPO and member of the Group Executive Board

Mandates by order of Swisscom

Since February 2021 member of the Board of Trustees, comPlan, Berne

Other significant activities

–



Eugen Stermetz (from 1 March 2021)
Degree in Business Administration
(lic. oec., University of St. Gallen (HSG)), PhD in
Social and Economic Sciences (Dr. rer. soc. oec.)

Career history

1996–2000 Boston Consulting Group, Munich and Vienna; 2001–2005 Igeneon AG, Vienna, Chief Financial Officer; 2006–2008 F-star GmbH, Vienna, CFO and Managing Director; 2009–2011 SVOX AG, Zurich, CFO and member of the Executive Board; since 2012 Swisscom: 2012–2017 CFO Participations, 2017–2018 CFO Participations and Head of M&A, 2018–February 2021 Group Treasurer (Treasury, Insurance and M&A), since 1 March 2021 CFO and member of the Group Executive Board

Mandates by order of Swisscom

–

Other significant activities

Member of the Investment Committee of comPlan, Berne

5.3 Management agreements

Neither Swisscom Ltd nor any of the Group companies included in the scope of consolidation have entered into management agreements with third parties.

6 Remuneration, shareholdings and loans

All information on the remuneration of the Board of Directors and the Group Executive Board of Swisscom Ltd is provided in the separate Remuneration Report.

□ See report page 97

7 Shareholders' participation rights

7.1 Voting right restrictions and proxies

Each registered share entitles the holder to one vote. Voting rights can only be exercised if the shareholder is entered in the share register of Swisscom Ltd with voting rights. The Board of Directors may refuse to recognise an acquirer of shares as a shareholder or beneficial holder with voting rights if the latter's total holding, when the new shares are added to any voting shares already registered in its name, exceeds the limit of 5% of all registered shares entered in the commercial register. For the shares in excess of the limit, the acquirer is entered in the share register as a shareholder or beneficial holder without voting rights. This restriction on voting rights also applies to registered shares acquired through the exercise of subscription, option or conversion rights. The calculation of the percentage restriction is subject to the Group clause in accordance with Article 3.5.1 of the Articles of Incorporation.

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The 5% voting right restriction does not apply to the Swiss Confederation, which, under the terms of the Telecommunications Enterprise Act (TEA), holds the majority of the capital and voting rights in Swisscom Ltd. The Board of Directors may also recognise an acquirer of shares with more than 5% of all registered shares as a shareholder or beneficial holder with voting rights, in particular in the following exceptional cases:

- where shares are acquired as a result of a merger or business combination
- where shares are acquired as a result of a non-cash contribution or an exchange of shares
- where shares are acquired with a view to cementing a long-term partnership or strategic alliance

In addition to the percentage restriction on voting rights, the Board of Directors may refuse to recognise and enter as shareholders or beneficial holders with voting rights any persons acquiring shares who fail to expressly declare upon request that they have acquired the shares in their own name and for their own account or as beneficial holders. Should acquirers of shares refuse to make such a declaration, they will be entered as shareholders without voting rights.

Where an entry has been made on the basis of false statements by the acquirer, the Board of Directors may, after consulting the party concerned, delete the share register entry as a shareholder with voting rights and enter the acquirer as a shareholder without voting rights. The acquirer must be notified of the deletion immediately.

The restrictions on voting rights provided for in the Articles of Incorporation may be changed by resolution of the Annual General Meeting, for which an absolute majority of valid votes cast is required.

During the year under review, the Board of Directors did not recognise any acquirers of shares with more than 5% of all registered shares as a shareholder or beneficial holder with voting rights, did not reject any requests for recognition or registration and did not remove any shareholders with voting rights from the share register due to the provision of false data.

7.2 Statutory quorum requirements

The Annual General Meeting of Shareholders of Swisscom Ltd adopts its resolutions and decides its elections by the absolute majority of valid votes cast. Abstentions are not deemed to be votes cast. In addition to the special quorum requirements under the Swiss Code of Obligations, a two-thirds majority of the voting shares represented is required in the following cases:

- introduction of restrictions on voting rights
- conversion of registered shares to bearer shares
- change in the Articles of Incorporation concerning special quorums for resolutions

7.3 Convocation of the Annual General Meeting and agenda items

The Board of Directors convenes the Annual General Meeting at least 20 calendar days prior to the date of the meeting by means of an announcement in the Swiss Commercial Gazette. The meeting can also be convened by registered or unregistered letter to all registered shareholders. One or more shareholders who together represent at least 10% of the share capital can demand in writing that an extraordinary general meeting be convened, stating the agenda item and the proposal or, in the case of elections, by stating the names of the proposed candidates.

The Board of Directors is responsible for defining the agenda. Shareholders representing shares with a par value of at least CHF 40,000 may request that an item be placed on the agenda. This request must be submitted in writing to the Board of Directors at least 45 days prior to the Annual General Meeting, stating the agenda item and the proposal (Article 5.4.3 of the Articles of Incorporation).

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7.4 Representation at the Annual General Meeting

Shareholders may be represented at the Annual General Meeting by another shareholder with voting rights or by the independent proxy elected by the Annual General Meeting. The law firm Reber Rechtsanwälte, Zurich, was

appointed as independent proxy for the period up until the conclusion of the Annual General Meeting in March 2021. Partnerships and legal entities may be represented by authorised signatories, while minors and wards may be represented by their legal representative, even if the representative is not a shareholder.

A power of attorney may be granted in writing or electronically via the shareholder portal operated by Computershare Switzerland Ltd. Shareholders who are represented by a proxy may issue instructions for each agenda item and also for all unannounced agenda items and motions, stating whether they wish to vote for or against the motion or abstain. The independent proxy must cast the votes entrusted to him by shareholders according to their instructions. If the independent proxy receives no instructions, he shall abstain. Abstentions are not deemed to be votes cast (Article 5.7.4 of the Articles of Incorporation).

In accordance with the measures prescribed by the Federal Council to combat the coronavirus (Covid-19 Ordinance 2 of 16 March 2020), the Annual General Meeting of 6 April 2020 took place without the physical participation of shareholders. Shareholders were able to authorise the independent proxy to cast their votes and execute their instructions on their behalf. The independent proxy cast the votes in person at the Annual General Meeting.

In accordance with Ordinance 3 of the Federal Council of 19 June 2020 on measures to combat the coronavirus (Covid-19) and the decision of Swisscom's Board of Directors, the Annual General Meeting of 31 March 2021 will also take place without the physical participation of shareholders. Shareholders can authorise the independent proxy to cast their votes and execute their instructions on their behalf. This can be done either in writing or electronically via the shareholder portal. The independent proxy will cast the votes in person at the Annual General Meeting.

7.5 Entries in the share register

Shareholders entered in the share register with voting rights are entitled to vote at the Annual General Meeting. To ensure due procedure, the Board of Directors defines a cut-off date at its own discretion for determining voting entitlements, which is normally three business days before the respective Annual General Meeting. Entries in and deletions from the share register can be made at any time, regardless of the cut-off date. The cut-off date is announced with the invitation to the Annual General Meeting and also published in the financial calendar on the Swisscom website. Shareholders entered in the share register with voting rights as of 5 p.m. on 31 March 2020

were entitled to vote at the Annual General Meeting of 6 April 2020. Shareholders entered in the share register with voting rights as of 5 p.m. on 26 March 2021 are entitled to vote at the Annual General Meeting of 31 March 2021.

8 Change of control and defensive measures

Under the terms of the Telecommunications Enterprise Act (TEA), the Swiss Confederation must hold the majority of the capital and voting rights in Swisscom Ltd. This requirement is also set out in the Articles of Incorporation. There is thus no duty to submit a takeover bid as defined in the Financial Market Infrastructures Act, since this would contradict the TEA.

Details on change of control clauses are given in the section “Remuneration Report”.

□ See report page 97

9 Auditor

9.1 Selection process, duration of mandate and term of office of the auditor-in-charge

The statutory auditor is appointed annually by the Annual General Meeting following a proposal submitted by the Board of Directors. Re-election is permitted. The policies for appointing the statutory auditor have been set forth in a policy by the Audit Committee. A new invitation to tender is issued for the statutory auditor's mandate at least every 10 to 14 years. The statutory auditor's tenure is limited to 20 years. As stipulated by the Swiss Code of Obligations, the auditor-in-charge may only perform the mandate for a maximum of seven years. A request for tenders for the audit mandate was issued in 2018. PricewaterhouseCoopers (PwC), Zurich, has performed the mandate since the 2019 financial year. The auditor-in-charge is Peter Kartscher.

9.2 Audit fees

The fees paid to PwC as auditors for the 2020 financial year amount to CHF 2,989 thousand (prior year: CHF 3,209 thousand).

9.3 Supplementary fees

The fees charged by PwC for additional audit-related services in the year under review amounted to CHF 802 thousand (prior year: CHF 718 thousand), and the fees for other services were CHF 34 thousand (prior year: CHF 229 thousand).

Audit-related services include audit services in connection with IT outsourcing orders from business customers, IT projects, bond issuance, risk management, a company acquisition and the reporting of financial information. Other services include consulting services in connection with the implementation of an ERP system, the reclaiming of foreign VAT and the preparation of financial information.

9.4 Supervision and controlling instruments vis-à-vis the auditors

The Audit Committee verifies the qualifications and independence of the statutory auditors as a state-supervised auditing firm on behalf of the Board of Directors. It also assesses the performance and remuneration of the auditors. Assessment criteria are the competence and availability of the audit team, the audit process, and reporting and communication. It is also responsible for observing the statutory rotation principle for the auditor-in-charge and for reviewing and issuing the new invitations to tender for the audit mandate. The Audit Committee approves the integrated strategic audit plan, which includes the annual audit plan of both the internal and external auditors, and the annual fee for the auditing services provided to the Group and Group companies. To help ensure independence, the Audit Committee has laid down principles for awarding additional services to the auditors, including a list of prohibited services. In order to ensure the independence of the auditors, additional service mandates must be approved by the Audit Committee where the fee exceeds CHF 300 thousand. The Audit Committee requires that the CFO reports to it quarterly and the auditors annually on current mandates being performed by the auditors, broken down according to audit services, audit-related services and non-audit services, and on their independence.

The statutory auditors, represented by the auditor-in-charge and his deputy, usually attend all Audit Committee meetings. They inform the Committee in detail on the performance and results of their work, in particular regarding the annual financial statement audit. They further submit a written report annually to the Board of Directors and the Audit Committee on the conduct and results of the audit of the annual financial statements, as well as on their findings with regard to accounting and the internal control system. Finally, the Chairman of the Audit Committee liaises closely with the auditor-in-charge beyond the meetings of the Committee and regularly reports to the Board of Directors. Representatives of PwC, the statutory auditors, attended all five meetings of the Audit Committee in 2020. They did not participate in the meetings of the full Board of Directors. The Head of Internal Audit took part in all five meetings of the Audit Committee in 2020. He reported on audit findings at two meetings of the full Board of Directors.

10 Information policy

Swisscom pursues an open, active information policy vis-à-vis shareholders, the general public and the capital markets. Shareholders are provided with notifications and announcements in accordance with Article 12 of the Articles of Incorporation, which are published in the Swiss Commercial Gazette. Swisscom publishes comprehensive, consistent and transparent financial information on a quarterly basis. Furthermore, it publishes an annual sustainability report in accordance with the Global Reporting Initiative (GRI) and an annual report including a management commentary, corporate governance report, remuneration report, consolidated financial statements and a condensed version of the financial statements of Swisscom Ltd. The interim reports, annual report and financial statements of Swisscom Ltd are available on the Swisscom website under “Investors” or may be ordered directly from Swisscom. The Sustainability Report is available on the Swisscom website under “Company”.

☞ See www.swisscom.ch/basicprinciples

☞ See www.swisscom.ch/financialreports

☞ See www.swisscom.ch/cr-report2020

Swisscom meets investors regularly throughout the year, presents its financial results at analysts’ meetings and road shows, attends selected conferences for financial analysts and investors, and keeps its shareholders and other interested parties continuously informed about its business through press releases.

Related presentations and the ad-hoc press releases published by Swisscom are available on the Swisscom website under “Investors”. It is possible to subscribe online to the ad-hoc press releases published by Swisscom.

☞ See www.swisscom.ch/adhoc

The comprehensive minutes of the Annual General Meeting of 6 April 2020 and minutes from past meetings are available on the Swisscom website.

☞ See www.swisscom.ch/generalmeeting

Those responsible for investor relations can be contacted via the website or by e-mail, telephone or post. The contact details and address of the head office may be found in the website publishing details.

☞ See report page 189

11 Financial calendar

- Annual General Meeting for the 2020 financial year: 31 March 2021, in Volketswil, without the personal attendance of shareholders
- 1st Quarter Interim Report: 29 April 2021
- Half-Year Interim Report: 5 August 2021
- 3rd Quarter Interim Report: 28 October 2021
- Annual Report 2021: February 2022

The detailed financial calendar is published on the Swisscom website under “Investors” and is updated on a regular basis.

☞ See www.swisscom.ch/financialcalendar

Remuneration Report

Remuneration paid to the Board of Directors and the Group Executive Board is tied to the generation of sustainable returns and therefore creates an incentive to achieve long-term corporate success as well as added value for shareholders.

1 Governance

1.1 General principles

The Remuneration Report is based on sections 3.5 and 5 of the annex to the Corporate Governance Directive issued by the SIX Swiss Exchange and Articles 13 to 16 of the Ordinance against Excessive Compensation in Listed Stock Companies (OaEC). Swisscom implements the requirements of the OaEC and complies with the recommendations of the Swiss Code of Best Practice for Corporate Governance 2014 issued by *economiesuisse*, the umbrella organisation representing Swiss business.

Swisscom's internal principles for determining the level of remuneration are primarily set out in the Articles of Incorporation, the Organisational Rules and the Regulations of the Compensation Committee. The latest versions of these documents as well as their earlier, unamended and superseded versions can be viewed online on the Swisscom website under "Basic principles".

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As in previous years, the Remuneration Report will be put to a consultative vote at the Annual General Meeting on 31 March 2021.

1.2 Division of responsibilities between the Annual General Meeting, the Board of Directors and the Compensation Committee

The Annual General Meeting approves the maximum total remuneration amounts payable to the Board of Directors and the Group Executive Board for the following financial year upon the motion proposed by the Board of Directors. Details of the relevant regulation and the consequences of a negative decision by the Annual General Meeting are set out in Articles 5.7.7 and 5.7.8 of the Articles of Incorporation. Article 7.2.2 of the Articles of Incorporation also defines the requirements for and the maximum level of the additional amount that can be paid to a member of the Group Executive Board who is newly appointed during a period for which the Annual General Meeting has already approved the remunera-

tion. In addition, the Articles of Incorporation contain the following provisions relating to the remuneration policy:

- Remuneration of the Board of Directors (Articles 6.4 and 8.1)
- Compensation Committee (Article 6.5)
- Remuneration of the Group Executive Board (Articles 7.2 and 8.1)
- Contracts of the Board of Directors and the Group Executive Board (Article 8.2)
- Number of external mandates for the Board of Directors and Group Executive Board (Article 8.3)

The Board of Directors approves, *inter alia*, the personnel and remuneration policy for the entire Group, as well as the general terms and conditions of employment for members of the Group Executive Board. It sets the remuneration of the Board of Directors and decides on the remuneration of the CEO as well as the total remuneration for the Group Executive Board. In doing so, it takes into account the maximum total amounts approved by the Annual General Meeting for the remuneration to be paid to the Board of Directors and the Group Executive Board for the financial year in question.

The Compensation Committee handles all business matters of the Board of Directors concerning remuneration, submits proposals to the Board of Directors in this context, and, within the framework of the approved total remuneration, is empowered to decide upon the remuneration of the individual Group Executive Board members (with the exception of the CEO). Neither the CEO nor the other members of the Group Executive Board participate in meetings at which any change to their remuneration is discussed or decided.

The decision-making powers are governed by the Articles of Incorporation, the Organisational Rules of the Board of Directors and the Regulations of the Compensation Committee.

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The table below shows the division of responsibilities between the Annual General Meeting, the Board of Directors and the Compensation Committee.

Subject	Remuneration Committee	Board of Directors	Annual General Meeting
Maximum total amounts for remuneration of the Board of Directors and Group Executive Board	V ¹	A ²	G ³
Additional amount for remuneration of newly appointed members of the Group Executive Board	V	A	G
Personnel and remuneration policy	V	G ⁴	–
Principles for performance-related and equity-participation schemes for the Board of Directors and the Group Executive Board	V	A	G
Principles underlying retirement-benefit plans and social security payments	V	G	–
Equity-share and performance-based participation plans of the Group	V	G ⁴	–
General terms of employment of the Group Executive Board	V	G ⁴	–
Definition of performance targets for the variable performance-related salary component	V	G ⁴	–
Concept of remuneration to members of the Board of Directors	V	G ⁴	–
Remuneration of the Board of Directors	V	G ⁵	–
Remuneration of the CEO Swisscom Ltd	V	G ⁵	–
Total remuneration of the Group Executive Board	V	G ⁵	–
Remuneration of the members of the Group Executive Board (excl. CEO)	G ^{5,6}	–	–
Remuneration report	V	A	G ⁷

1 V stands for preparation and proposal to the Board of Directors.

2 A stands for proposal to the Annual General Meeting.

3 G stands for approval.

4 In the framework of the Articles of Incorporation.

5 In the framework of the maximum total remuneration defined by the Annual General Meeting.

6 In the framework of the total remuneration defined by the Board of Directors.

7 Advisory vote.

1.3 Election, composition and modus operandi of the Compensation Committee

The Compensation Committee consists of three to six members. They are elected individually each year by the Annual General Meeting. If the number of members falls below three, the Board of Directors appoints the missing member(s) from its midst until the conclusion of the next Annual General Meeting. The Board of Directors appoints the Chairman of the Compensation Committee, which constitutes itself. If the Annual General Meeting elects the Chairman of the Board of Directors to the Compensation Committee, he has no voting rights. The Chairman of the Board of Directors recuses himself when discussions take place or decisions are made with regard to changes in his own remuneration. The CEO, CPO, Head of Group Strategy & Board Services and the Head of Rewards & HR Analytics attend the meetings in an advisory capacity. In the case of agenda items that concern the Board of Directors exclusively or concern changes in the remuneration of the CEO and CPO, the CEO and CPO may not be present. Other members of the Board of Directors, auditors or experts may be called upon to attend the meetings in an advisory capacity. Minutes are kept of the meetings, which are provided to the members of the Committee and to other members of the Board of Directors on request. The Chairman of

the Compensation Committee reports verbally on the activities of the Committee at the next meeting of the Board of Directors. The meetings of the Compensation Committee are generally held in February, June and December. Further meetings can be convened as and when required. In the year under review, the Compensation Committee called on external consultants for two meetings as part of the review of the Group's incentive system.

The details are governed by Article 6.5 of the Articles of Incorporation, the Organisational Rules of the Board of Directors and the Regulations of the Compensation Committee.

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The members of the Compensation Committee neither work nor have worked for Swisscom in an executive capacity, nor do they maintain any significant commercial links with Swisscom Ltd or the Swisscom Group. Customer and supplier relationships exist between the Swiss Confederation and Swisscom. Details of these are provided in Note 6.2 to the consolidated financial statements.

D See report page 170

The following table gives an overview of the composition of the Committee, the Committee meetings, conference calls and circular resolutions in 2020.

	Meetings	Conference calls	Circular resolutions
Total	4	–	–
Average duration (in hours)	02:11	–	–
Participation:			
Barbara Frei, Chairwoman	4	–	–
Roland Abt	4	–	–
Frank Esser	3	–	–
Renzo Simoni ¹	4	–	–
Hansueli Loosli ²	4	–	–

1 Representative of the Confederation.

2 Participation without voting rights.

2 Remuneration of the Board of Directors

2.1 Principles

The remuneration system for the members of the Board of Directors is designed to attract and retain experienced and motivated individuals for the Board of Directors' function. It also seeks to align the interests of the members of the Board of Directors with those of the shareholders. The remuneration is commensurate with the activities and level of responsibility of each member. The basic principles regarding the remuneration of the Board of Directors and the allocation of equity shares are set out in Articles 6.4 and 8.1 of the Articles of Incorporation.

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2.2 Amendments as at 1 January 2020

The Board of Directors has amended its remuneration system as of 1 January 2020, with the aim of simplifying the system without significantly changing the level of the fees paid to members, including meeting attendance fees. The remuneration is made up of a Director's fee that varies in relation to the member's function (basic emolument plus functional allowances), statutory and regulatory employer contributions to social security and, as of now, to the occupational pension, as well as any additional benefits. Additional remuneration is no longer given for attendance at meetings. Instead, the attendance fees have been incorporated into the basic emolument and functional allowances based on past values. In

addition, the basic emolument and functional allowances have been increased by the amount of the statutory employee contributions to social security. The fees are now therefore gross amounts from which employee contributions to social security and the occupational pension are deducted. As before, no variable performance-related emoluments are paid. The members of the Board of Directors are still obligated to draw a portion of their fee in the form of equity shares and to comply with the requirements on minimum shareholdings, thus ensuring they directly participate financially in the performance of Swisscom's shares.

The remuneration is normally reviewed every December for the following year for ongoing appropriateness. In December 2019, the Board of Directors assessed the appropriateness of the remuneration as part of a discretionary decision. The Board of Directors compared Swisscom's remuneration with that of other listed companies domiciled in Switzerland, which, like Swisscom, must fulfil Swiss and foreign legal requirements, including full personal liability. The Board of Directors used as a comparison the remuneration paid by Compagnie Financière Richemont, Geberit, Givaudan, Lonza, SGS, Sika and Swatch Group. The Board of Directors did not call on any external consultants with regard to the structuring of the remuneration.

2.3 Remuneration components

Director's fee

The Director's fee is made up of a basic emolument and functional allowances as compensation for the individual functions. The increased amounts from 2020 are due to the incorporation of meeting attendance fees and the change from net to gross fees. The following amounts are paid per year:

in CHF	2020 Gross	2019 Net
Base salary per member	146,000	110,000
Functional allowances¹		
Presidium	308,000	255,000
Vice presidium	25,000	20,000
Representative of the Confederation	48,000	40,000
Audit Committee, Chair	61,000	50,000
Audit Committee, Member	17,000	10,000
Finance Committee, Chair	25,000	20,000
Finance Committee, Member	17,000	10,000
Remuneration Committee, Chair	25,000	20,000
Remuneration Committee, Member	15,000	10,000

1 No functional allowance is paid for membership of an ad hoc committee appointed on a case-by-case basis.

Under the Management Incentive Plan, the members of the Board of Directors are obligated to draw one third of their Director's fee in the form of shares. For members who resign from the Board of Directors at the Annual General Meeting, the fee is paid fully in cash on a pro rata basis. The shares are allocated on the basis of their tax value, rounded up to whole numbers of shares. Shares are blocked from sale for three years. This restriction on disposal also applies if members leave the company during the blocking period. The shares, which are allocated in April of the reporting year for the reporting year, are recorded at market value on the date of allocation. The share-based remuneration is augmented by a factor of 1.19 in order to take account of the difference between the tax value and the market value. In April 2020, a total of 1,548 shares were allocated to the members of the Board of Directors (prior year: 1,409 shares) with a tax value of CHF 439 per share (prior year: CHF 411). Their market value was CHF 522.80 (prior year: CHF 489.50) per share.

Contributions to social security and occupational pension as well as additional benefits

Swisscom pays the statutory and regulatory employer contributions to social security and occupational pension on the fee. The contributions are disclosed separately and are included in the total remuneration.

If required by law, the individual members of the Board of Directors are insured against the economic consequences of old age, death and disability; their basic emolument is covered through the comPlan pension plan and their functional allowances are covered as part of a 1e plan with VZ Sammelstiftung (see www.pk-complan.ch for the regulations). The reported pension benefits cover all savings, guarantee and risk contributions paid by the employer to the pension plan.

The disclosure of service-related and non-cash benefits and expenses relies on a tax-based point of view. Swisscom does not offer any significant service-related or non-cash benefits. Expenses are reimbursed on the basis of actual costs incurred. Accordingly, neither service-related and non-cash benefits nor out-of-pocket expenses are included in the reported remuneration.

2.4 Total remuneration

The total remuneration paid to the individual members of the Board of Directors for the 2019 and 2020 financial years is presented in the tables below, broken down into individual components. The higher total compensation in 2020 is due in particular to the fact that the Board of

Directors was temporarily composed of only eight members in 2019. In addition, Swisscom made statutory or regulatory contributions to the occupational pension plans of individual members in 2020.

2020, in CHF thousand	Base salary and functional allowances				Total 2020
	Cash remuneration	Share-based payment	Employer contributions to PF	Employer contributions to SS	
Hansueli Loosli	335	200	—	23	558
Roland Abt	159	95	35	15	304
Alain Carrupt	109	65	7	8	189
Frank Esser ¹	152	91	—	—	243
Barbara Frei	124	74	—	12	210
Sandra Lathion-Zweifel	109	65	22	10	206
Anna Mossberg ²	109	65	—	32	206
Michael Rechsteiner	109	65	—	10	184
Renzo Simoni	151	90	33	14	288
Total remuneration to members of the Board of Directors	1,357	810	97	124	2,388

1 Frank Esser is subject to social security contributions in Germany.

2 Anna Mossberg is subject to social security contributions in Sweden.

2019, in CHF thousand	Base salary and functional allowances				Total 2019
	Cash remuneration	Share-based payment	Meeting attendance fees	Employer contributions to social security	
Hansueli Loosli	314	186	31	29	560
Roland Abt	144	85	23	14	266
Alain Carrupt	96	57	18	10	181
Frank Esser ¹	128	76	20	—	224
Barbara Frei	112	66	18	11	207
Sandra Lathion-Zweifel ²	64	56	16	8	144
Anna Mossberg ³	90	54	18	32	194
Catherine Mühlemann ⁴	31	3	5	2	41
Michael Rechsteiner ²	64	56	15	8	143
Renzo Simoni	136	80	22	14	252
Total remuneration to members of the Board of Directors	1,179	719	186	128	2,212

1 Frank Esser is subject to social security contributions in Germany. Neither employer nor employee contributions are paid.

2 Elected to the Board of Directors on 2 April 2019.

3 Anna Mossberg is subject to social insurance contributions in Sweden.

No employee contributions were included.

4 Left the Board of Directors on 2 April 2019.

The total remuneration paid to the members of the Board of Directors for the 2020 financial year is within the maximum total amount of CHF 2.5 million approved by the 2019 Annual General Meeting (AGM) for 2020.

2.5 Minimum shareholding requirement

The members of the Board of Directors are required to maintain a minimum shareholding equivalent to one annual emolument (basic emolument plus functional allowances). As a rule, they have four years from the start of their term of office or assumption of a new function to acquire the prescribed shareholding in the form

of the blocked shares paid as part of remuneration and, if necessary, through share purchases on the open market, observing internal trading restrictions. Compliance with the shareholding requirement is reviewed annually by the Compensation Committee. If a member's shareholding falls below the minimum requirement due to a drop in the share price, the difference must be made up by no later than the time of the next review. In justified cases, such as personal hardship or legal obligations, the Chairman of the Board of Directors can approve individual exceptions at his discretion.

2.6 Shareholdings of the members of the Board of Directors

As at 31 December 2019 and 2020, the members of the Board of Directors and/or related parties held blocked and non-blocked shares as shown in the table below. None of the individuals required to make notification holds voting shares exceeding 0.1% of the share capital.

Number	31.12.2020	31.12.2019
Hansueli Loosli	3,856	3,474
Roland Abt	726	544
Alain Carrupt	563	439
Frank Esser	972	798
Barbara Frei	1,189	1,047
Sandra Lathion-Zweifel	238	114
Anna Mossberg	346	222
Michael Rechsteiner	233	109
Renzo Simoni	652	480
Total shares held by the members of the Board of Directors	8,775	7,227

3 Remuneration of the Group Executive Board

3.1 Principles

The remuneration policy of Swisscom applicable to the Group Executive Board is designed to attract and retain highly skilled and motivated specialists and executive staff over the long term and provide an incentive to achieve a lasting increase in the enterprise value. It is systematic, transparent and long-term-oriented, and is predicated on the following principles:

- Total remuneration is competitive and is in an appropriate relation to the market as well as the internal salary structure.
- Remuneration is based on performance in line with the results achieved by Swisscom.
- Through direct financial participation in the performance of the Swisscom share, the interests of management are aligned with the interests of shareholders.

The remuneration of the Group Executive Board is a balanced combination of fixed and variable salary components. The fixed component is made up of a base

salary, fringe benefits (mainly the use of a company car) and pension fund benefits. The variable remuneration includes a performance-related component settled partly in cash and partly in shares.

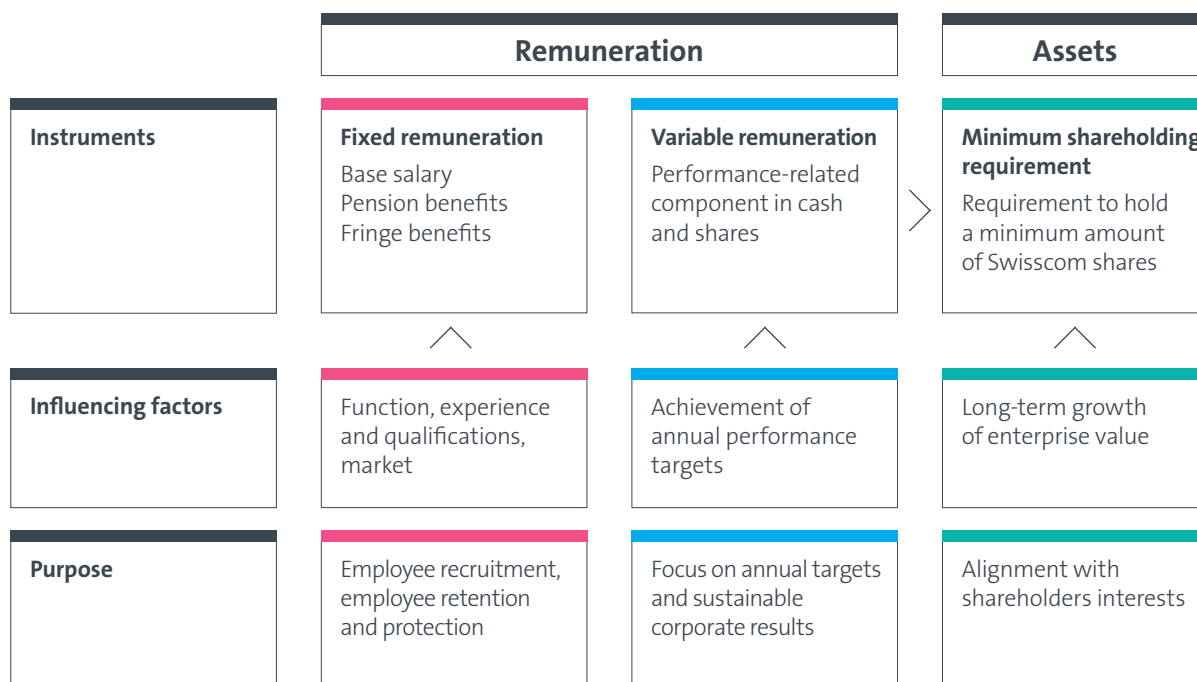
The members of the Group Executive Board are required to hold a minimum shareholding, which strengthens their direct financial participation in the medium-term performance of the Swisscom share and thus aligns their interests with those of shareholders. To facilitate compliance with the minimum shareholding requirement, Group Executive Board members have the possibility of drawing up to 50% of the variable performance-related component of their salary in shares.

The basic principles regarding the performance-related remuneration and the profit and equity participation plans of the Group Executive Board are set out in Article 8.1 of the Articles of Incorporation.

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Remuneration system

Remuneration components and determining factors



The Compensation Committee decides at its discretion on the level of remuneration, taking into consideration the external market value of the function in question, the internal salary structure and individual performance.

For the purpose of assessing market values, Swisscom relies on cross-sector market comparisons with Swiss companies as well as international sector comparisons. These two comparative perspectives allow Swisscom to form an optimal overview of the relevant employment market for managerial positions. In the year under review, Swisscom consulted a current national and international comparative study by Willis Towers Watson. The comparison with the Swiss market covers twelve major companies domiciled in Switzerland from various sectors, with the exception of the financial and pharmaceutical sectors. On average, these companies generate revenue of CHF 14.63 billion and employ 16,403 people. The international sector comparison covers telecommunications companies from eight western European countries with median revenue of CHF 7.5 billion and a median workforce of 19,500 employees. The evaluation of the two comparative studies takes into account the comparability of the extent of responsibility in terms of revenue, number of employees and international scope. No external consultants were called on with regard to the structuring of remuneration.

As a rule, the Compensation Committee reviews the individual remuneration paid to members of the Group Executive Board every three years of employment. Taking into account the benchmarks and transfer of tasks due to the reduction of the Group Executive Board, the Board of Directors adjusted the salaries of three members of the Group Executive Board during the course of the reporting year. The aim of this was to take account of their expanded roles and their experience and performance, while ensuring that remuneration was in line with the market.

3.2 Remuneration components

Base salary

The base salary is the remuneration paid according to the function, qualifications and performance of the individual member of the Group Executive Board. It is determined based on a discretionary decision taking into account the external market value of the function and the salary structure for the Group's executive management. The base salary is paid in cash.

Variable performance-related salary component

The members of the Group Executive Board are entitled to a variable performance-related salary component which represents 70% of the base salary if objectives are achieved in full (performance-related bonus). The amount of the performance-related component paid

out depends on the extent to which the targets are achieved, as set by the Compensation Committee, taking into account the performance evaluation by the CEO. If targets are exceeded, up to 130% of the performance-related bonus may be paid. The maximum performance-related salary component is thus limited to 91% of the base salary. This ensures that the performance-related salary component does not exceed the annual base salary, even taking account of the market value of the component paid in shares.

Targets for the variable performance-related salary component

The targets underlying the variable performance-related salary component are adopted annually in December for the following year by the Board of Directors following a proposal submitted by the Compensation Committee. The targets relevant to the reporting year were left unchanged from the previous year, in line with the Group's continuing corporate strategy. The targets are based on the Swisscom Group's budget figures for 2020.

The targets for the members of the Group Executive Board consist of financial targets as well as targets relating to the business transformation. The financial targets include net revenue, operating income before interest, taxes, depreciation and amortisation as a percentage of net revenue (EBITDA margin), and operating free cash flow proxy. The Group Executive Board members delegated by Swisscom to the Board of Directors of the Italian subsidiary Fastweb S.p.A. (Fastweb) are also measured on the basis of the Fastweb financial targets.

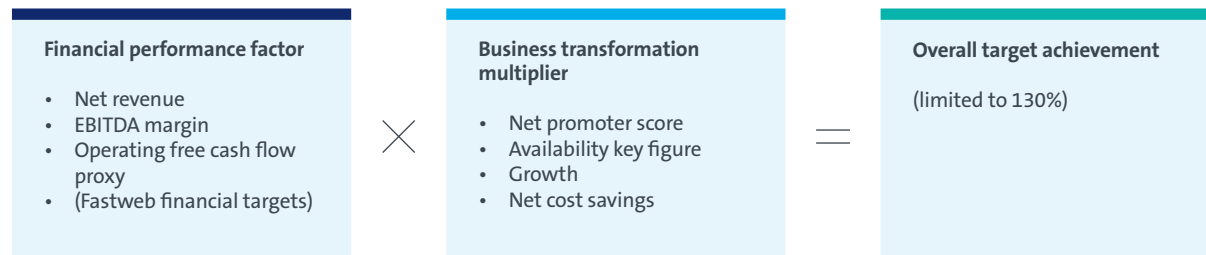
The targets relating to the business transformation include the net promoter score (NPS) for residential and business customers, which is a recognised indicator of customer loyalty, an availability coefficient, growth targets and net cost savings targets. Further information on customer satisfaction can be found in the Management Commentary.

[See report page 39](#)

Overall target achievement is determined based on the achievement of financial targets and the achievement of targets within the scope of the business transformation.

Determination of overall target achievement

As the decisive basis for the payment of the performance-related component



The target structure thus takes account of the following two strategic priorities of Swisscom: strengthening the core business by offering the best infrastructure, where the results achieved are rewarded, and focusing on

future success, where realisation of new growth opportunities and the best customer experiences is rewarded in particular.

The following table illustrates the target structure for all Group Executive Board members in the year under review and shows the individual targets and their respective weighting.

Target levels	Objectives	Weighting of targets level CEO	Weighting of targets level of other members of the Group Executive Board
Financial performance factor	Net revenue	24%	24–30%
	EBITDA margin	24%	24–30%
	Operating free cash flow proxy	32%	32–40%
	Financial objectives Fastweb	20%	0–20%
	Total financial target factor	100%	
Business transformations targets	Net promoter score	20%	20%
	Availability key indicator	20%	20%
	Growth	30%	30%
	Net cost savings	30%	30%
	Total Business Transformation Multiplier	100%	

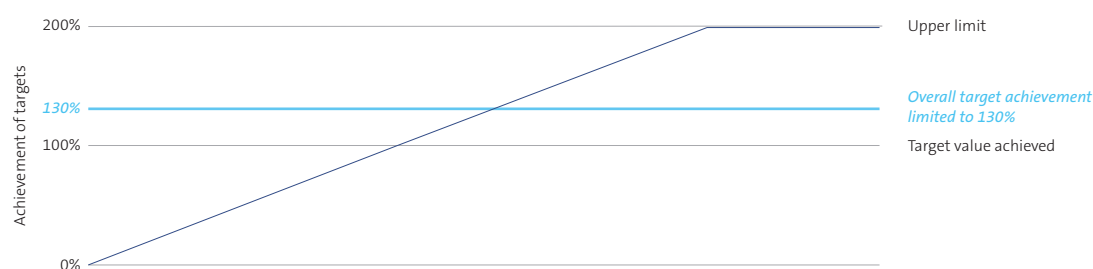
Achievement of targets

The Compensation Committee determines the level of target achievement in the subsequent year once the consolidated financial statements become available. Its decision is

based on an assessment of the extent to which targets have been met using a scale for the overachievement and underachievement of each target. The achievement of an individual target can vary from 0% to 200%.

Determination of achievement of targets

Per financial target



There is an upper limit of 200% for each target. An upper limit of 130% applies to the overall target achievement and thus to the payment of the target success share.

The overall achievement of targets governing the payment of the performance-related component is determined based on financial targets as well as targets relating to the business transformation. The weighted financial targets form the basis for calculating the achievement of financial targets, with an upper limit. Similarly, the weighted targets within the scope of the business transformation form the basis for calculating the achievement of business transformation targets, with a lower and upper limit. The two target achievements are multiplied by each other as factors and result in the overall target achievement. In determining the level of target achievement, the Compensation Committee can, under certain circumstances, exercise a degree of discretion in assessing the effective management per-

formance, taking into account special factors such as fluctuations in exchange rates. The overall achievement of targets is limited to a maximum of 130%.

Based on the overall achievement of targets, the Compensation Committee submits a proposal for the approval of the Board of Directors for the amount of the performance-related salary component to be paid to the Group Executive Board and the CEO.

In the year under review, the targets relevant to remuneration were fully met. The resulting payment of the performance-related component is 103% of the target bonus for the CEO and for the other members of the Group Executive Board.

Payment of the variable performance-related salary component

The variable performance-related salary component for a given financial year is paid in April of the following year, with 25% being paid in the form of Swisscom shares, in accordance with the Management Incentive Plan. Group Executive Board members may opt to increase the share component up to a maximum of 50% of the total variable performance-related compensation. The remaining portion of the performance-related component is settled in cash. In the event of a departure from the Group Executive Board during the course of the year, the payment of the performance-related component for the current year is generally made in cash only. The decision as to what percentage of the variable performance-related salary component is to be drawn in the form of shares must be communicated prior to the end of the reporting year, but no later than in November following the publication of the third-quarter results. In the year under review, one member of the Group Executive Board opted for a higher share component. The shares are allocated on the basis of their tax value, rounded up to whole numbers of shares. Shares are blocked from sale for three years. This restriction on disposal also applies if the employment relationship is terminated during the blocking period. The share-based remuneration disclosed in the year under review is augmented by a factor of 1.19 in order to take account of the difference between the market value and the tax value. The market value is determined as of the date of allocation. The allocation of shares for the 2020 reporting year will be made in March 2021.

In April 2020, a total of 1,452 shares (prior year: 1,815 shares) with a tax value of CHF 439 (prior year: CHF 411) per share and a market value of CHF 522.80 (prior year: CHF 489.50) per share were allocated for the 2019 financial year to the members of the Group Executive Board.

Pension fund and fringe benefits

The members of the Group Executive Board, like all eligible employees in Switzerland, are insured against the financial consequences of old age, death and disability through the comPlan pension plan (for pension fund regulations, see www.pk-complan.ch). The reported pension benefits cover all savings, guarantee and risk contributions paid by the employer to the pension plan. They also include the pro-rata costs of the AHV bridging pension paid by comPlan in the event of early retirement and the premium for the term life insurance concluded for Swisscom management staff in Switzerland. Further information about this is provided in Note 4.3 to the consolidated financial statements.

□ See report pages 156–161

A tax-based point of view is taken in reporting service-related and non-cash benefits and expenses. The members of the Group Executive Board are entitled to the use of a company car. The disclosed service-related and non-cash benefits rendered therefore include an amount for private use of the company car. Out-of-pocket expenses are reimbursed on a lump-sum basis in accordance with expense reimbursement rules approved by the tax authorities, and other expenses are reimbursed on an actual cost basis. They are not included in the reported remuneration.

3.3 Total remuneration

The following table shows the total remuneration paid to the members of the Group Executive Board for the 2019 and 2020 financial years, broken down into individual components and including the highest amount paid to one member. In the year under review, the variable performance-related salary component for members of the Group Executive Board (CHF 2,439 thousand in total) was around 76% of the base salary (CHF 3,221 thousand

in total). The total remuneration paid to the highest-earning member of the Group Executive Board (CEO, Urs Schaeppi) increased by 5.3% compared to the prior year. The decrease in total remuneration paid to the Group Executive Board is primarily attributable to the lower number of Group Executive Board members compared to the previous year.

In CHF thousand

Fixed base salary paid in cash	3,221
Variable performance-related remuneration paid in cash	1,708
Variable performance-related remuneration paid in shares ¹	731
Service-related and non-cash benefits	109
Employer contributions to social security ²	510
Retirement benefits	796
Total remuneration to members of the Group Executive Board	7,075
Benefits paid following retirement from Group Executive Board ³	190
Total remuneration paid to Group Executive Board, incl. benefits paid following retirement from Board	7,265

Total Group Executive Board 2020	Total Group Executive Board 2019	Thereof Urs Schaeppi 2020	Thereof Urs Schaeppi 2019
3,221	3,606	882	882
1,708	1,636	477	417
731	757	189	165
109	105	18	15
510	539	139	132
796	873	148	148
7,075	7,516	1,853	1,759
190	—	—	—
7,265	7,516	1,853	1,759

1 The shares are reported at market value and are blocked from sale for three years.

2 Employer contributions to social security (AHV, IV, EO and FAK, incl. administration costs, and daily sickness benefits and accident insurance) are included in the total remuneration.

3 Contractual compensation payments made during the notice period to a Group Executive Board member who resigned from Board during the financial year.

Total remuneration paid to the members of the Group Executive Board for the 2020 financial year is within the maximum total amount approved by the 2019 Annual General Meeting (AGM) for 2020 of CHF 9.7 million.

3.4 Minimum shareholding requirement

The members of the Group Executive Board are required to hold a minimum amount of Swisscom shares. The minimum shareholding to be held by the CEO is equivalent to two years' base salary and the other Group Executive Board members are required to maintain a shareholding equivalent to one year's base salary. The members of the Group Executive Board build up the prescribed share-

holding over four allocation periods in the form of the blocked shares paid as part of remuneration and, if necessary, through share purchases on the open market, observing internal trading restrictions. Compliance with the shareholding requirement is reviewed annually by the Compensation Committee. If a member's shareholding falls below the minimum requirement due to a drop in the share price or a salary adjustment, the difference must be made up by no later than the time of the next review. In justified cases, such as personal hardship or legal obligations, the Chairman of the Board of Directors can approve individual exceptions at his discretion.

3.5 Shareholdings of the members of the Group Executive Board

Blocked and non-blocked shares held by members of the Group Executive Board and/or related parties as at 31 December 2019 and 2020 are shown in the table below. None of the individuals required to make notification holds voting shares exceeding 0.1% of the share capital.

Number	31.12.2020	31.12.2019
Urs Schaeppi (CEO)	5,069	4,752
Mario Rossi	1,897	1,707
Hans C. Werner	1,588	1,440
Marc Werner ¹	–	1,364
Urs Lehner	821	509
Christoph Aeschlimann	145	–
Dirk Wierzbitzki	1,122	969
Total shares held by the members of the Group Executive Board	10,642	10,741

¹ Left the Group Executive Board on 31 December 2019.

3.6 Employment contracts

The employment contracts of the members of the Group Executive Board are subject to a twelve-month notice period. No termination benefits apply beyond the salary payable for a maximum of twelve months. The employment contracts stipulate that Swisscom may allow any wrongfully awarded remuneration to lapse or may reclaim any remuneration that is wrongfully paid. The contracts do not contain either a non-competition clause or a clause on change of control.

4 Other remuneration

4.1 Remuneration for additional services

Swisscom may pay remuneration to members of the Board of Directors for assignments in Group companies and assignments performed by order of Swisscom (Article 6.4 of the Articles of Incorporation). No such remuneration was paid in the year under review.

© See www.swisscom.ch/basicprinciples

The members of the Group Executive Board are not entitled to separate remuneration for any directorships they hold either within or outside the Swisscom Group.

4.2 Remuneration for former members of the Board of Directors or Group Executive Board and related parties

In the year under review, no remuneration was paid to former members of the Board of Directors in connection with their earlier activities as a member of a governing body of the company or which are not at arm's length. Similarly, no such remuneration was paid to former members of the Group Executive Board. Further, there were no payments to individuals who are closely related to any former or current member of the Board of Directors or the Group Executive Board which are not at arm's length.

4.3 Loans and credits granted

Swisscom Ltd has no statutory basis for the granting of loans, credit facilities or pension benefits apart from the retirement benefits paid to the members of the Board of Directors and Group Executive Board.

In the 2020 financial year, Swisscom did not grant any collateral, loans, advances or credit facilities of any kind either to former or current members of the Board of Directors or related parties, or to former or current members of the Group Executive Board or related parties. There are therefore no corresponding receivables outstanding.

Report of the statutory auditor

to the General Meeting of Swisscom Ltd

Ittigen

We have audited the remuneration report of Swisscom Ltd for the year ended 31 December 2020. The audit was limited to the information according to articles 14 - 16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies contained in the sections 2.4, 2.6, 3.3, 3.5 and 4.1 to 4.3 on pages 97 to 108 of the remuneration report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report of Swisscom Ltd for the year ended 31 December 2020 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Peter Kartscher
Audit expert
Auditor in charge

Petra Schwick
Audit expert

Zürich, 3 February 2021

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