Annual Report 2024

swisscom

Annual reporting

The Annual Report and the Sustainability Impact Report make up Swisscom's reporting for 2024. The two publications are available online at: **swisscom.ch/report2024**.

Like last year, the Swisscom Annual Report includes the report on non-financial matters. This is Swisscom's way of meeting the requirements set out in the Swiss Code of Obligations, which establishes this sort of reporting as a mandatory requirement. The Sustainability Impact Report contains the sustainability reporting for Swisscom in Switzerland.

Swisscom acquired Vodafone Italia on 31 December 2024. Vodafone Italia has been operationally integrated into the Swisscom Group from the 2025 financial year onwards. For this reason, the 2024 Annual Report does not take Vodafone Italia into account – except in the case of the initial consolidation in the consolidated financial statement.

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2024 in review

Revenue (billion CHF)
11.0 ▼ −0.3%

EBITDA (billion CHF)
4.4 ▼ −5.8%

Net income (billion CHF)
1.5 ▼ −9.9%

Net debt to EBITDA ratio[1]
2.4 ▲ 0.9

1 Pro-forma

Total shareholder return Swisscom share (%)
4.1 ▼ −0.1 PP

Capital expenditure (billion CHF)
2.3 ▲ 0.9%

Dividend per share CHF

22

Equity ratio %

32.7 ▼ −14.3 PP

Employees (full-time equivalent)

19,887 ▲ 0.8%

Strong Switzerland

Today, more than half of households and businesses benefit from Fibre to the Home. Swisscom is continuously modernising the fixed network and mobile communications infrastructure. The entire population should have internet access with bandwidths in the gigabit range by 2035.

Number 1

Swisscom gives an impressive performance and wins all Switzerland's relevant network and service tests in 2024 as well.

Course set

The acquisition of Vodafone Italia and the merger with Fastweb will create a convergent provider in Italy in a market offering growth opportunities.

Success in Italy

Fastweb is continuously growing in Italy and is entering the energy market by reselling electricity subscriptions.

AI made in Switzerland

Swisscom not only uses AI itself but is also creating high-performance infrastructure with market leader NVIDIA in order to offer trustworthy services for business customers. The advantage: AI with guaranteed data storage in Switzerland.

On the path to net zero

1,200 new electric vehicles are helping to halve the direct CO_2 emissions from the fleet by 2024 and fully eliminate them by 2030.

blue TV

Swisscom combines Replay TV and streaming services in a single interface. Netflix and Disney+ are also available at a special price as part of the combined subscription.

KPIs

In CHF million, except where indicated		2024	2023	Change
Revenue and results [1]				
Revenue		11,036	11,072	–0.3%
Operating income before depreciation and amortisation (EBITDA)		4,355	4,622	–5.8%
EBITDA as % of revenue	%	39.5	41.7	
EBITDA after lease expense (EBITDAaL)		4,064	4,334	–6.2%
Operating income (EBIT)		1,951	2,205	–11.5%
Net income		1,541	1,711	–9.9%
Earnings per share	CHF	29.77	33.03	–9.9%
Balance sheet and cash flows [1]				
Equity		12,155	11,622	4.6%
Equity ratio	%	32.7	47.0	
Capital expenditure		2,312	2,292	0.9%
Operating free cash flow		1,752	2,042	–14.2%
Free cash flow		1,437	1,480	–2.9%
Net debt		15,597	7,071	120.6%
Net debt/EBITDA		2.4 [2]	1.5	
Operational data				
Fixed telephony access lines in Switzerland	in thousand	1,137	1,226	–7.3%
Broadband access lines retail in Switzerland	in thousand	1,967	2,006	–1.9%
TV access lines in Switzerland	in thousand	1,493	1,537	–2.9%
Mobile access lines in Switzerland	in thousand	6,331	6,277	0.9%
Access lines wholesale Switzerland	in thousand	731	692	5.6%
Broadband access lines retail in Italy	in thousand	2,544	2,601	–2.2%
Broadband access lines wholesale in Italy	in thousand	905	648	39.7%
Mobile access lines in Italy	in thousand	3,930	3,509	12.0%
Swisscom share				
Number of issued shares	in thousand	51,802	51,802	–
Market capitalisation		26,134	26,212	–0.3%
Closing price at end of period	CHF	504.50	506.00	–0.3%
Dividend per share	CHF	22.00 [3]	22.00	–
Employees				
Full-time equivalent employees	number	19,887	19,729	0.8%
Average number of full-time equivalent employees	number	19,918	19,461	2.3%

1 Swisscom uses various alternative performance measures. The definition and reconciliation of values in accordance with IFRS are set out in the chapter on financial review.
2 Pro forma.
3 In accordance with the proposal of the Board of Directors to the Annual General Meeting.

Business overview

Swisscom Switzerland

Residential Customers
The Residential Customers division provides mobile and fixed line services to residential customers in Switzerland, such as fixed network telephony, broadband, TV and mobile communications.

Business Customers
Business Customers offers telecommunications services and overall communications solutions for large corporations and SME customers in Switzerland. The offering in the area of business ICT infrastructure covers the entire range from individual products to complete solutions.

Wholesale
The Wholesale segment enables other telecommunications providers to use the Swisscom fixed and mobile network.

Infrastructure & Support Functions
The Infrastructure & Support Functions area plans, operates and maintains the network and IT infrastructure in Switzerland.

Revenue

CHF 8.0 billion

EBITDA

CHF 3.6 billion

Fastweb

Fastweb provides broadband and mobile phone services to residential, business and wholesale customers in Italy. The offering includes telephony, broadband and mobile offerings. Fastweb also offers comprehensive ICT solutions for business customers.

Vodafone Italia
Swisscom acquired Vodafone Italia at the end of 2024. Vodafone Italia is to be merged with Fastweb at a later date. The merger of Vodafone Italia and Fastweb is intended to combine complementary, high-quality mobile communications and fixed telephone network infrastructures with expertise and practical knowledge, and establish a leading convergent provider on the Italian market with Fastweb + Vodafone. Vodafone Italia's estimated revenue for 2024 was EUR 4.6 billion, and its EBITDA was EUR 2.0 billion.

Revenue

EUR 2.8 billion

EBITDA

EUR 0.7 billion

Other Operating Segments

With subsidiaries in the area of network construction and maintenance (cablex Ltd) and broadcast services (Swisscom Broadcast Ltd), Swisscom is supplementing its core business in related areas. Other Operating Segments also includes the business with online directories (localsearch), as well as the Trust Services area, which encompasses the business with trust services such as the electronic signature and digital certificates.

Revenue

CHF 1.1 billion

EBITDA

CHF 0.1 billion

From left: Christoph Aeschlimann, CEO Swisscom Ltd, Michael Rechsteiner, Chairman of the Board of Directors

Strong today – even stronger tomorrow

Dear shareholders

Swisscom is on track. And it has achieved this in a time that continues to be shaped by uncertainty, geopolitical tensions, global economic challenges and technological and environmental change. We're going strong thanks, not least, to Fastweb, which is performing very well. We're now further strengthening our position in Italy. The acquisition of Vodafone Italia is an important step for us and sets the course for future success.

Digitalisation and artificial intelligence (AI) offer enormous opportunities for Switzerland. However, the general public only use these if they can trust the new technologies and responsible handling of data is ensured. This is where Swisscom comes in. We want to be 'Innovators of Trust' for our customers and Switzerland. Innovation and trust – these are the keywords for Swisscom's success. For example, during the year under review we launched an AI platform for business customers with Swiss AI Platform. Our customers can use it to develop their own KI solutions with guaranteed data storage in Switzerland. The topic of digital trust is another focus of innovation. This includes, for example, Swisscom Sign: the only qualified electronic signature considered equivalent to a handwritten signature. In spring 2024, we expanded our range of services to companies so that they can electronically sign contracts and documents simply and with legal effect.

Innovation is a recipe for success not just for Swisscom but for Switzerland as a whole. So that our country will remain the world champion in innovation, Swisscom established the Deep Tech Nation Switzerland Foundation together with UBS. The foundation promotes highly innovative technologies and improves access to venture capital for start-ups and scale-ups so that brilliant ideas become successful companies, thus strengthening Switzerland's competitiveness.

The best network – expansion continues

Our outstanding infrastructure is and remains the foundation of our success. In 2024, we reached a milestone in optical fibre expansion. Today, more than half of Swiss households and businesses benefit from Fibre to the Home. Mobile communication expansion remains challenging. Although the majority of Swiss people use a smartphone or tablet when out and about, antennas continue to meet with resistance. Various Swiss Federal Supreme Court decisions have resulted in significantly more modifications to mobile communications systems needing to be assessed in regular building permit procedures, even if radiation decreases. This is curbing network expansion. We will, of course, continue to do our utmost to provide our customers with the best network. We succeeded in doing this in the year under review: Swisscom has once again won all the network and service tests.

Fastweb is growing – acquisition of Vodafone Italia strengthens Swisscom

In Italy, Fastweb is again increasing its revenue and result. For years, we have been able to achieve our goals together and deliver good financial results in a challenging market thanks to innovation. In the year under review, Fastweb again systematically took advantage of opportunities and, for instance, entered the energy market by selling electricity subscriptions.

We are now writing the next chapter of our Italian business's success story. In March 2024, we announced the acquisition of Vodafone Italia and its merger with Fastweb. On 31 December 2024, we successfully completed the acquisition after receiving all the necessary regulatory approvals. The Italian mobile operator has been part of the Swisscom Group since the start of January. Vodafone Italia is an excellent fit for Fastweb – and for Swisscom. Vodafone Italia brings a strong mobile network and Fastweb brings access to a state-of-the-art fixed network. The merger means that the new company will be able to offer customers the best convergent services. The Vodafone Italia acquisition strengthens our position and contributes to our strategy. We want to inspire customers, drive innovation, grow and exploit cost and innovation synergies. We believe that strengthening our Italian business is an important step for the successful future of Swisscom as a group and creates added value for our investors.

Solid figures

Our focus is on constant and long-term value creation. Swisscom achieved good financial results in 2024. With a slightly lower revenue of CHF 11,036 million (–0.3%) and operating income (EBITDA) of CHF 4,355 million (–5.8%), it generated net income of CHF 1,541 million (–9.9%). On a like-for-like basis and at constant exchange rates, revenue rose by 0.2%. As a result of the acquisition of Vodafone Italia on 31 December 2024, integration and transactions costs of CHF 227 million were recognised in the 2024 financial year. Without these costs and other non-recurring items and at constant exchange rates, the decrease in EBITDA was 1.0%. Swisscom’s share price remained stable during the year under review at CHF 504.50 (–0.3%). The total shareholder return (TSR) based on the increase in the share price and distributions over the last five years was positive at 21%.

Looking ahead to 2025, Swisscom expects revenue of around CHF 15.0 billion to CHF 15.2 billion, EBITDA after lease expense (EBITDAaL) of around CHF 5.0 billion and capital expenditure between CHF 3.1 billion and CHF 3.2 billion (around CHF 1.7 billion of which will be in Switzerland). Subject to achieving its targets, Swisscom plans to now propose a dividend of CHF 26 per share for the 2025 financial year at the 2026 Annual General Meeting.

Many thanks

We can look back at a solid year. We were able to set the course in the right direction for an even stronger future. We would like to express our heartfelt thanks to you, our employees and colleagues. You work hard for our customers every day with a great deal of passion and expertise. Many thanks also to you, our shareholders, for your trust in, loyalty to and support for our company. Together, we are driving Swisscom forward.

Kind regards,

Michael Rechsteiner
Chairman of the Board of Directors
Swisscom Ltd

Christoph Aeschlimann
CEO Swisscom Ltd

Digital transformation is key

Swisscom is driving the digital transformation through its hybrid, public and private cloud portfolio, including for SMEs – so that they can concentrate on their core competences.

Management Commentary

Strategy and environment

Swiss business

Number 1

Swisscom is number one in the Swiss market for telecommunications.

Revenue

CHF 11 billion

in revenue was generated by Swisscom in 2024, 76% of which in Switzerland and 24% in Italy.

Business in Italy

Leading challenger

Fastweb is the leading challenger in Italy.

Financial targets and achievement of targets in 2024

	Targets 2024	Achievement of targets in 2024
Financial targets		
Revenue	around CHF 11.0 billion	CHF 11,036 million
Operating income before depreciation and amortisation (EBITDA)	CHF 4.3–4.4 billion [1]	CHF 4,355 million
Capital expenditure	around CHF 2.3 billion	CHF 2,312 million

1 In connection with the acquisition of Vodafone Italia, integration costs of around EUR 200 million were recognised in Swisscom's 2024 financial statements. The EBITDA outlook for 2024 has therefore been adjusted to CHF 4.3–4.4 billion (previously CHF 4.5–4.6 billion).

Market environment

	Unit	2022	2023	2024
Change in GDP Switzerland	in %	2.0	1.3	0.9 [1]
Change in GDP Italy	in %	3.9	0.7	0.5 [2]
Inflation rate Switzerland	in %	2.8	2.1	1.1
Inflation rate Italy	in %	8.1	5.7	1.4
Yield on government bonds (10 years)	in %	1.57	0.66	0.32
Closing rate CHF/EUR	in CHF	0.99	0.93	0.94
Closing rate CHF/USD	in CHF	0.92	0.84	0.91

1 Forecast SECO.

2 Forecast Istat.

Economy

Economic development in Switzerland slowed in the reporting year, and the outlook is characterised by considerable uncertainty caused in part by the geopolitical situation and monetary policy aimed at curbing inflation. The rate of inflation, as measured by the national consumer price index, has continued to drop in 2024.

Interest rates

The interest rate level has an impact on funding costs and, in the context of the consolidated financial statements, the balance sheet value of individual items such as non-current provisions and pension liabilities, as well as the impairment assessment of goodwill. Swisscom's average interest expense (excluding leasing) amounts to 1.8% at the end of 2024. Swisscom's financing structure offers considerable protection against any interest rate increases thanks to an 86% share of fixed-interest financial debt.

Exchange rates

Currency effects impact the consolidated financial statements both through transactions made in foreign currencies and the translation of the annual financial statements of foreign subsidiaries. Transaction risks mainly relate to the purchase of terminals, technical equipment, licences and services. In the Swiss core business, the amount of money paid out in foreign currencies is higher than the income in those currencies. The largest net transaction risk is in the US dollar (USD). The transaction risks are partly hedged by forward currency contracts. Hedge accounting is applied in the consolidated financial statement. Among the foreign subsidiaries, a currency translation risk primarily exists at Fastweb and Vodafone Italia, whose net assets amounted to EUR 11 billion at the end of 2024. Foreign currency translation differences of the balance sheet are recognised directly in equity. A portion of the financial liabilities in EUR is treated as a currency hedge of Fastweb's net assets for accounting purposes in accordance with IFRS accounting standards.

Legal environment

Swisscom's legal framework

Swisscom is a public limited company with special status under Swiss law. In addition to company law, corporate governance is primarily governed by the Telecommunications Enterprise Act (TEA). As a listed company, Swisscom is also subject to capital market law. The legal framework for Swisscom's business activities is formed by the decrees listed below.

According to the TEA, the Swiss Confederation must hold a majority of the capital and voting rights in Swisscom.

Telecommunications Enterprise Act and relationship with the Swiss Confederation

The Telecommunications Enterprise Act requires the Swiss Confederation to hold a majority of the capital and voting rights in Swisscom. A decision to relinquish the federal majority would have to be made through a corresponding amendment to the law, which would be subject to a facultative referendum. Every four years, the Federal Council defines the goals which the Confederation as principal shareholder aims to achieve. The current target period for the years 2022 to 2025 includes strategic, financial and human resources policy objectives as well as targets relating to partnerships and investments. The Federal Council also expects Swisscom to pursue a corporate strategy that is, to the extent economically possible, both sustainable and committed to ethical principles while also attaching special importance to the reduction of greenhouse gas emissions.

See www.swisscom.ch/ziele_2022-2025

Telecommunications Act (Fernmeldegesetz)

The Telecommunications Act and the associated ordinances primarily regulate network access, international roaming, the open internet, basic service provision, the use of radio frequencies, and the security of installations and operations.

See www.admin.ch

Network access

Cost-based and non-discriminatory network access regulation is limited to fixed network telephony and copper-based connections with the associated services. Access to fibre-optic lines is granted on the basis of commercial agreements.

Basic service provision

Basic service provision means ensuring that fixed network telephony and broadband internet are available throughout Switzerland. Since January 2024, the basic service provision has provided a transfer speed of 80 Mbit/s (download) and 8 Mbit/s (upload). Swisscom has been responsible for basic service provision for many years. In the reporting year, the Federal Communications Commission (ComCom) once again awarded Swisscom the universal service licence for basic service provision for the period from 2024 to 2031. Swisscom is committed to ensuring reliable basic service provision within Switzerland and has done so since 1999 without receiving any compensation from the public sector.

Swisscom pursues an open internet policy.

Open internet

Swisscom pursues an open internet policy. It respects its customers' desire to be able to freely choose content and offerings on the internet. Within the scope of its network management activities, it provides all web content and services in the same high quality wherever possible. The blocking or removal of web content and services occurs solely in compliance with official orders or to ensure network security. Swisscom does not have any zero-rated offers that exclude access to selected web services from the data volume.

Ordinance on Protection against Non-Ionising Radiation

The Ordinance on Protection against Non-Ionising Radiation (ONIR) regulates immissions and thus the transmission power of mobile antennas. Swiss limit values as defined by the Environmental Protection Act (installation limit value) are much stricter than the exposure limit values recommended by the WHO. The Federal Supreme Court decided in April 2024 that a regular building permit procedure is required for the first-time activation of the correction factor on adaptive antennas. This decision is forcing Swisscom to submit subsequent building permits. In this context, the number of pending building permit applications for mobile communications systems has increased to over 3,000 across the industry.

Federal Act on Cartels and other Restraints of Competition

Competition law (Federal Cartel Act, CartA) is highly relevant, primarily due to Swisscom's market position. It allows for direct sanctions to be imposed for unlawful conduct by market-dominant companies. Corresponding measures and processes have been established to prevent violations of the law. With regard to its compliance-related measures, Swisscom pursues a zero-tolerance strategy. The Competition Commission (COMCO) has classified Swisscom as being market-dominant in a wide range of submarkets. There are currently two proceedings open within the context of which COMCO has classified Swisscom as being market-dominant and the conduct of Swisscom as being unlawful, and has thus imposed or may impose direct financial sanctions. The proceedings relate to the rolling out of the fibre-optic network and the broadband connection of business customers. The status of the proceedings and the potential financial effects are set out in the notes to the consolidated financial statements.

See report **pages 183–185**

Federal Copyright Act

The Swiss Federal Act on Copyright and Related Rights (Copyright Act, CopA) protects the rights of authors and, at the same time, enables the fair use of copyright-protected works. Such works may generally be used only with the copyright holder's consent and in return for compensation. An exception to this rule is made for private use and for copying for private use. The compensation payable to the copyright holder for certain types of use protected by copyright law (collective management of rights) is determined by reference to collectively negotiated copyright tariffs. These apply to the distribution of television programmes and to the use of time-delayed television viewing (Replay TV).

Federal Act on Radio and Television

The Swiss Federal Act on Radio and Television (RTVA) governs the production, presentation, transmission and reception of radio and television programmes. It is primarily on account of blue TV that Swisscom is affected by the rules on the transmission and broadcasting of media offerings. The various privileges (known as the 'must carry' provisions) applicable to certain broadcasters are relevant to Swisscom.

Federal Act on Data Protection and the European Union's General Data Protection Regulation

The Swiss Federal Act on Data Protection (FADP) regulates the handling of personal data. The European Union's General Data Protection Regulation (GDPR) regulates the processing of personal data. The GDPR is relevant to Swisscom both as regards its service offering to residential customers in the EU as well as within the European Economic Area (EEA) and its provision of IT services to business customers directly subject to the GDPR. To the extent that the GDPR affects Swisscom's activities, Swisscom has implemented measures to comply with the relevant requirements.

Legal and regulatory environment in Italy

Fastweb's business activities are governed by Italian and EU telecommunications legislation. The Italian regulatory authority AGCOM generally sets the prices for Telecom Italia's (TIM) wholesale access on the basis of a market analysis.

The EU Foreign Subsidies Regulation (FSR) is also relevant for Swisscom. The FSR may have an impact on Swiss companies that generate revenue in the EU, carry out mergers and acquisitions transactions or participate in public tenders. The FSR introduces new reporting obligations and grants the European Commission investigative powers with regard to subsidies granted by non-EU countries.

Market for telecommunications and IT

Swiss market trends

Market for telecommunications

The Swiss telecommunications market is characterised by a wide range of data and voice communication products and services. In addition to the established regional and national telecoms providers, internationally active companies are also participating in the Swiss telecommunications market. These companies provide internet-based free and paid services worldwide, including telephony, messaging, TV and streaming. As in the previous year, the estimated revenue volume for telecom services amounts to around CHF 11 billion. In the year under review, Liberty Global Ltd. completed the spin-off of Sunrise, a major national competitor. The listing on the SIX Swiss Exchange took place in November 2024.

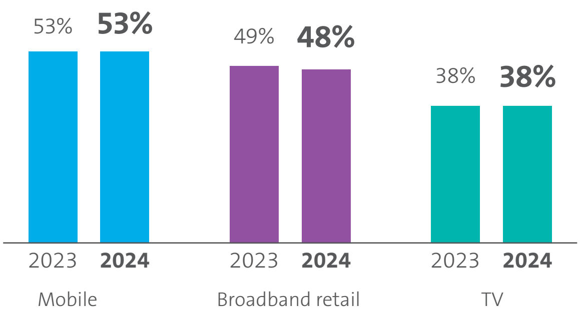
The availability of services at all times is key. Cutting-edge, high-performance network infrastructure forms the basis for this. Swisscom continuously invests in the quality, coverage and performance of its network infrastructure, thereby consolidating its position at the cutting edge of technology. In the year under review, the Swisscom mobile and fixed networks once again came out on top in all independent network tests.

The Swiss telecommunications market is broken down into the mobile communications and fixed network submarkets. Saturation in all markets is intensifying the cutthroat competition. The individual submarkets are characterised by a high level of promotional activity on the part of the individual market participants. At the heart of the portfolio of offerings are convergence offerings ,which can contain one or more mobile lines, in addition to a fixed broadband connection with internet, TV and fixed network telephony. Swisscom – as well as some competitors – offers products and services from the core business using secondary and third-party brands.

Mobile communications market

Switzerland has three separate, wide-area mobile networks on which the operators of those networks market their own products and services. Other market players also offer their own mobile services as MVNOs (mobile virtual network operators) on these networks. Swisscom makes its mobile communications network available to selected third-party providers so that they can offer proprietary products and services to their customers via the Swisscom network. The number of mobile lines (SIM cards) in Switzerland has increased by 2% year-on-year and stands at around 12 million. As in the previous year, the number of postpaid subscriptions taken out increased, while the number of prepaid customers fell. The proportion of mobile users with postpaid subscriptions stands at 86% (prior year: 85%). Swisscom's postpaid market share remains unchanged year-on-year at 53%.

Market shares
Swiss telecommunications market



Fixed-line market

Close to 100% of Switzerland is covered by fixed broadband networks. In addition to the fixed networks of telecoms companies, there are also networks provided by cable network operators. Moreover, market players such as utilities operating in particular cities and municipalities are building and operating fibre-optic networks on their own initiative at a regional level. For the most part, their network infrastructures are available to other market participants for product offerings and the provision of services. Broadband connections lay the basis for a comprehensive product offering from both national and global competitors. The broadband market grew by around 1% year over year. At the end of 2024, the number of retail broadband connections in Switzerland was around 4 million. The Swisscom's market share decreased by one percentage point to 48% due to the ongoing intense competition.

The Swiss TV market is characterised by a diverse range of offerings provided by established national market participants. Other national and international companies are also present on the market. These include TV and streaming services that can be used over an existing broadband or mobile connection, regardless of the internet provider. Competitive dynamics remain high. To consolidate the attractiveness of its own TV offering, Swisscom secured the broadcasting rights to the Swiss football leagues for a further five years in the first half of 2024.

IT services market in Switzerland

In 2024, the IT services market (IT services and software) generated revenue of around CHF 23 billion. This represented a continuation of the market's prior-year growth trend, albeit on a less steep trajectory. For the coming years, Swisscom assumes that the market will continue to exhibit moderate growth due to increasing digitalisation. The areas in which Swisscom expects the most growth are the cloud, security, the Internet of Things (IoT) and business applications. Business with legacy systems is expected to decline. This growth is a result of the increasing number of business-driven ICT projects as well as the demand for digital business models and new working models. Swisscom has noticed companies' growing willingness to procure services externally in order to cope with a high level of complexity as well as the transformation into a hybrid cloud despite an environment characterised by limited availability of qualified specialists. Further growth drivers are the increasing threats in the area of IT security as well as system solutions dealing with IoT. Here, customers generally expect services customised to their individual sector and business processes with appropriate advice. Swisscom has maintained its market position in a fiercely competitive, changing market environment. This was mainly due to positive trends in the growth areas of security, cloud and business applications. Swisscom's market revenues increased in these areas, although certain revenues had shifted to the major global cloud providers (hyperscalers).

Italian market trends

Italian broadband market

With an estimated revenue of around EUR 16 billion (+5% year-on-year) including wholesale, the Italian broadband market is the fourth-largest in Europe. The fixed broadband market has stagnated in recent years, whereas the number of mobile broadband connections (Fixed Wireless Access, FWA) continues to increase (+8% year-on-year). The fixed market comprises 17 million connections. These are spread across four main competitors as well as other growing network operators that have recently launched their fixed-network services.

Ultra-fast broadband (bandwidth greater than 50 Mbit/s) in the fixed network was provided to around 59% of Italian homes and businesses in 2024, which is below the EU average of 79%. This is due in part to a lower level of digital literacy and less developed online services and applications. In addition, customers in Italy are increasingly using mobile internet for large volumes of data due to the low prices and at times better performance compared with the fixed network. Fastweb is one of the largest providers of fixed broadband connections thanks to a market share of 15% in the residential customers segment and 36% in the corporate business segment.

Italian mobile communications market

The Italian mobile telephony market is one of the most competitive in Europe. Over 78 million active SIM cards correspond to a market penetration of 133% of the population (AGCOM/Istat). Total revenue amounts to around EUR 11.5 billion. The tough competition is due to the existence of four mobile phone networks and the aggressive price strategy following Iliad's entry on the market. This has led to price reductions and the introduction of secondary brands throughout the market. In 2024, Fastweb recorded a year-on-year increase of 12% in its number of customers and thus increased its market share among residential and business customers to 5%.

Change in the market structure

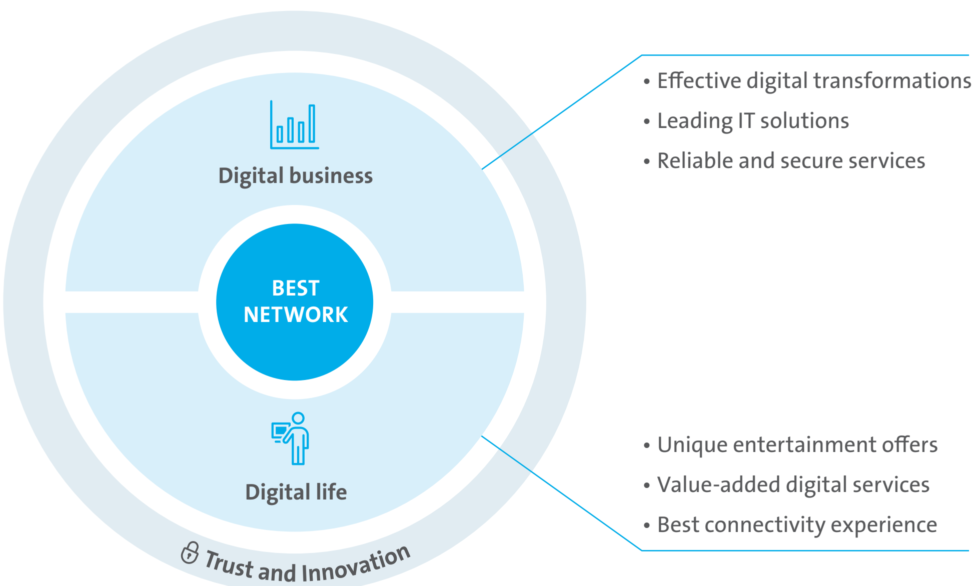
On 1 July 2024, TIM completed the sale of NetCo to Kohlberg Kravis Roberts & Co. L.P. (KKR). NetCo is the business division of TIM that comprises both the fixed telephone network infrastructure and the wholesale business. The sales agreement includes the transfer of the business division NetCo to FiberCop (a company, 58% of which is controlled by TIM) and the subsequent acquisition of all of FiberCop's capital by Optics Bidco, a company controlled by KKR. The subsequent relationship between NetCo and TIM will be governed by a master service agreement (MSA). The services will be provided at market prices and without minimum purchase obligations.

Group goals and strategy

General conditions

Swisscom operates in a dynamic environment. Recent years have seen greater changes in the geopolitical and economic situation than in the past. Political risks have increased, exacerbated by the wars in Ukraine and the Middle East, tensions on the Korean peninsula and tense trade relations between the US and China. As a result, further economic development is associated with increased uncertainty, and bottlenecks could also occur in supply chains. Swisscom constantly monitors global changes in order to identify relevant developments in good time, act accordingly and thus increase its resilience.

The Swisscom Group customer proposition



The digital transformation is making inroads into more and more areas of our lives, leading to lasting changes in customer behaviour. Swisscom offers its customers the best possible support in every respect thanks to a wide range of products and services and its high-performance, reliable, nationally and internationally recognised and sustainable network. This applies to both residential customers in their digital life and business customers in their digital business activities.

Customers' expectations regarding customer-oriented offerings, high-performance and stable networks, a seamless and personalised customer experience and transparent sustainability efforts will continue to rise. Business customers are increasingly driving the digital transformation through business-oriented IT initiatives. Security and compliance are also becoming more and more important as critical business enablers for business customers. Hybrid ICT environments are increasingly becoming the standard, and globally standardised technologies with delivery as a service (DaaS) models are becoming ever more dominant in the IT market.

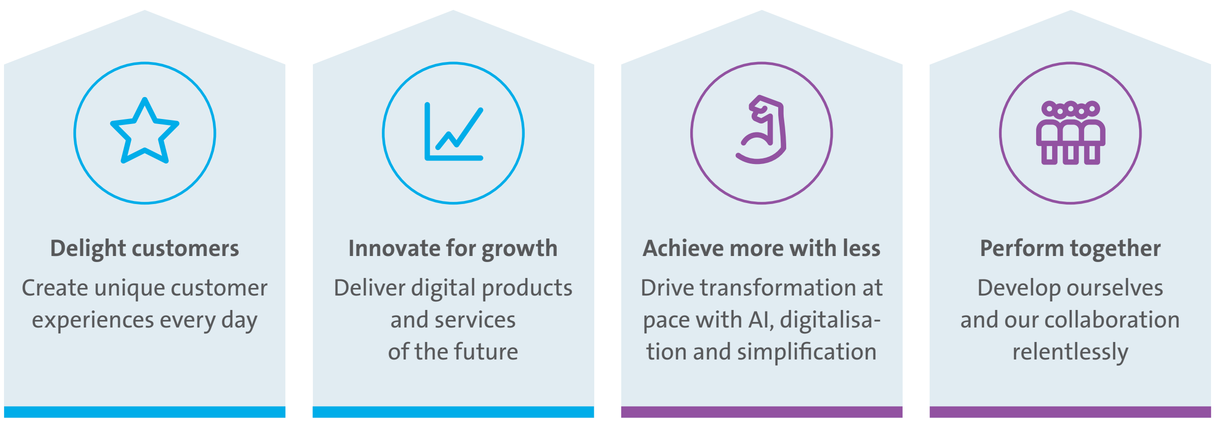
Fundamental changes such as increasing demographic ageing, new forms of work and technological progress will continue to shape the economy and society, and therefore have an impact on the activities of Swisscom. For example, as one of the leading ICT companies, Swisscom uses the latest technologies to expand its network. Swisscom is also a major player in the area of artificial intelligence in Switzerland and uses technological advances to further optimise its customer service and thus improve the customer experience. Other technologies, such as quantum computing, will only reveal their full potential in the future.

The telecommunications market, and therefore a significant part of Swisscom's core business, is characterised by intense competition and high price pressure. The overall market for connectivity services in Switzerland is continuing to decline slightly, while market revenues in Italy are stabilising. The market for IT services in Switzerland continues to grow moderately.

Group goals and strategy

To ensure that Swisscom can continue to develop successfully in a challenging market environment and open up the opportunities of the digital transformation to its customers, it pursues the purpose of 'Empowering the Digital Future' and the vision of 'Innovators of Trust: The most trusted Swiss tech innovator creating unique customer experiences with positive impact for society'. Because innovation and trust are core values of Swisscom and central to successful technological and social development. Swisscom is already addressing relevant and promising future topics. It has set the following group goals and the following group strategy.

The Swisscom Group strategy



Group goals

As a 'trusted leader in digital life & business', Swisscom wants to consolidate its position as market leader in Switzerland and position itself as a 'leading challenger' in Italy. As a leading digital company, Swisscom brings progressive products and services onto the market that are based on resilient, secure networks and that meet the claim of being 'outstanding in innovation & reliability'. It systematically develops new growth areas in both its Digital Business and Trust Services divisions. As Swisscom is characterised by enormous stability, it lives up to its goal of having 'rock-solid financials'. Safeguarding profitability and cash flow is essential to its ability to continue distributing an attractive dividend. As a 'pioneer in sustainability', Swisscom pursues ambitious goals with regard to its responsibility towards the environment and society. Its main goal is to reduce or completely avoid CO_2 emissions, to fulfil its responsibility as a corporate citizen with outstanding governance and compliance, and to work towards a digital society in which everyone in Switzerland can participate. Through its goal of 'high-performing teams', Swisscom intends to intensify its focus on the further development of its corporate culture and the challenges posed by the shortage of skilled labour. It wants employees to consciously develop and experience a positive, motivating corporate culture. An inspiring management culture is key to this. In this way, Swisscom wants employees to perceive it as a 'great place to work' and an attractive employer.

Group strategy

The group strategy is based on four pillars. Two of these pillars focus on relationships with customers, and the other two pillars on the company itself and its own operations. Through 'Delight customers', Swisscom aims to inspire its customers with unique experiences every day. Through new, digital products and services, it also wants to help its customers take advantage of the full potential of the digital transformation via 'Innovate for growth'. Through targeted digitalisation, the use of artificial intelligence and the simplification of processes, Swisscom aims to optimise and automate its operations in order to 'Achieve more with less'. Swisscom is aware that its success depends to a large extent on its employees and on providing optimal working conditions. Under 'Perform together', it attaches particular importance to the continuous development and optimal cooperation of its employees. It focuses on topics such as performance culture, further training and diversity.

Takeover of Vodafone Italia

In March 2024, Swisscom signed a sales agreement with Vodafone Group Plc regarding the takeover of 100% of Vodafone Italia for a purchase price of EUR 8.0 billion (cash and debt-free). The transaction was completed after all the regulatory approvals were received on 31 December 2024. Vodafone Italia will be merged with the Swisscom subsidiary Fastweb at a later date. 100% of the purchase price was covered by cash and financed using debt capital in full. The merger of Vodafone Italia and Fastweb is intended to combine complementary, high-quality mobile communications and fixed telephone network infrastructures with expertise and practical knowledge, and establish a leading convergent provider on the Italian market with Fastweb + Vodafone. Thanks to economies of scale, a more efficient cost structure and the anticipated high synergies of around EUR 600 million per year, the merged company is expected to generate considerable added value for all stakeholders through sustainable investments in the Italian telecommunications market, innovative, convergent services at competitive prices, as well as improved services and customer experiences in all market segments. For Swisscom, the takeover of Vodafone Italia is a significant step towards realising its strategic goal of achieving profitable growth in Italy. Swisscom intends to increase the dividend and expects to maintain its excellent corporate rating.

In 2024, Vodafone Italia recorded estimated revenue of EUR 4.6 billion and an EBITDA of EUR 2.0 billion. Capital expenditure came to EUR 0.8 billion and headcount was at around 4,000 employees at the end of 2024.

Infrastructure

Capital expenditure

CHF 2.3 billion

was invested by Swisscom in 2024, CHF 1.7 billion of which in Switzerland and CHF 0.6 billion in Italy.

Optical fibre expansion

Around 57%

of homes and businesses in Switzerland are to be connected directly with Fibre to the Home (FTTH) by the end of 2025.

Fastweb

2.3 million

customers are covered by Fastweb's ultra-fast broadband in Italy – and the company aims to cover 90% of homes and businesses by 2030.

Infrastructure in Switzerland

Network infrastructure

Swisscom aims to provide its customers with the best network and the latest innovations for both the fixed and mobile networks. To do this, it relies on a smart combination of different network technologies.

Leading international position thanks to constant expansion

International studies regularly confirm that Switzerland boasts one of the best IT and telecoms infrastructures worldwide. Rural regions benefit in particular from the high level of capital expenditure. According to the 'Broadband Coverage in Europe 2023' study by Omdia/IHS Markit – commissioned by the EU Commission and Glasfasernetz Schweiz – the availability of broadband of at least 30 Mbit/s in rural regions of Switzerland is 98.8%, above the EU average of 78.7%.

The Broadband Network Test Switzerland 2024, conducted by the trade magazine *connect*, awarded first place with the distinction 'outstanding' to Swisscom's fixed network, with the company winning in the nationwide provider category. Similarly, Swisscom's mobile network is one of the best networks in the world, as confirmed by independent network tests such as those conducted by the trade magazines connect and CHIP.

Network expansion

Thanks to bandwidths in the gigabit range, the entire Swiss population is to continue using state-of-the-art, top-quality digital services in future. With this aim, Swisscom invests CHF 1.7 billion every year in modernising and maintaining its existing fixed network and mobile communications infrastructure in all Swiss municipalities.

Swisscom plans to increase fibre-optic coverage (FTTH) to around 57% by the end of 2025, and to 75 to 80% by 2030. Almost the entire population should have access to the fibre-optic network by 2035. Swisscom uses modern, powerful mobile communications and satellite technologies to ensure network coverage of a small number of customers outside residential areas. The ongoing optical fibre expansion will also allow it to gradually decommission the copper access network in the coming years. In the long term, Swisscom will decommission the copper access network completely. On the one hand, decommissioning the copper access network in the regional access network will reduce complexity in the area of IT and networks, and, on the other hand, lead to energy savings of around 100 GWh, corresponding to the average annual electrical energy consumption of a town of 20,000 inhabitants.

Broadband coverage[1]

Coverage > 80 Mbit/s	93%
Coverage > 200 Mbit/s	85%
Coverage with 10 Gbit/s	52%

1 Built access lines.

Swisscom is continually increasing its number of antenna sites. For this, it coordinates site expansions with other mobile providers wherever feasible. It now shares nearly a quarter of its approximately 10,500 antenna sites with them. At the end of 2024, Swisscom had around 7,000 exterior units and 4,000 mobile communication antennas in buildings. With around 5,500 hotspots in Switzerland, it is also the country's leading provider of public wireless local area networks (WLAN). The 5G and 5G+ mobile communication standards not only enable new functions, but also bring a much-needed reduction in the load on the

Future of network

The best and most secure network for a digital Switzerland. Swisscom is constantly investing in its network architecture and in the latest technologies for its infrastructure in order to achieve this.

network, increase capacity and maintain the accustomed quality of the mobile network.

According to a decision of the Federal Court, the activation of the ‘correction factor’, which ensures the efficient operation of an adaptive mobile antenna, requires a building permit procedure to be carried out in each case. As a result, the number of pending building applications for mobile communications systems across the industry increased to over 3,000 applications by the end of 2024. Rapid expansion is required to ensure the high network quality and to continue to offer customers an optimal mobile network. Because of this, and owing to the stringent legal framework conditions that apply, the mobile network has to be expanded by the addition of new mobile telephony sites. Progress continues to be made on expanding 5G and 5G+. Meanwhile, at the end of 2025, Swisscom will decommission its 3G technology, now more than twenty years old, in order to use the freed-up capacity for modern and efficient technologies.

See www.swisscom.ch/networkcoverage

Swisscom currently covers 99% of the Swiss population with a basic version of 5G and around 83% with 5G+. According to the industry association asut, around 7.1 million 5G-enabled devices are already in operation in Switzerland as of the end of 2024. The 5G expansion will gradually provide the additional capacity that residential and business customers need. Even despite the fact that a study commissioned by the FOEN indicates that 5G radiation only has a moderate impact on the population as a whole and is not harmful to people’s health, network operators constantly find themselves faced with objections. In order to improve the level of information within the population, Swisscom provides information on its channels and supports the joint information platform Chance5G, established by the industry association asut.

See www.chance5g.ch

Internet of Things

The Internet of Things (IoT) is considered to be a significant initiator of progressive approaches and the digital transformation. Thanks to strong partnerships, Swisscom is already the leading provider of IoT system solutions required for cloud and analytics implementations and their operation. Data as a Service (DaaS) rounds off Swisscom’s portfolio and, thanks to plug-and-play, makes it even easier for many customers to enter the IoT.

Mobile frequencies

Transmission of mobile signals requires the availability of suitable frequencies. In Switzerland, such frequencies are allocated on a technology-neutral basis. Any mobile communications technology can be transmitted on the available frequencies. In 2012, the Federal Communications Commission (ComCom) allocated the frequencies 800 MHz, 900 MHz, 1,800 MHz, 2,100 MHz and 2,600 MHz. Swisscom currently uses these frequencies to provide services for its customers via the 4G and 3G technologies. In February 2019, further mobile radio frequencies were allocated in Switzerland, primarily used for transmission via 5G. These are the frequencies 700 MHz, 1,400 MHz, 2,600 MHz and 3,500 Mhz. Swisscom currently uses these frequencies to offer its customers services via the 5G, 4G and 3G mobile communication technologies. It always does this within the legal limits, which in Switzerland are ten times stricter than those recommended by the World Health Organization (WHO) in sensitive areas such as homes, schools, hospitals and permanent workplaces.

IT infrastructure and platforms

Swisscom operates six data centres in Switzerland. Its IT infrastructure comprises around 6,100 servers. The central telecoms functions for the operation of the fixed and mobile networks converge in four of the six data centres. Swisscom largely relies on virtualisation and containerisation of network functions to enable efficient and resilient operations.

Likewise, Swisscom uses four data centres (two of the six data centres have a dual function) for running IT applications. These include all business applications in connection with Swisscom services for residential and business customers. The entire infrastructure is designed for redundant operation and high availability. Swisscom attaches the very highest priority to both stability and resilience. It reviews and improves them on an ongoing basis. Based on an established quality and security culture, including the associated governance processes, Swisscom takes every possible precaution to reduce the likelihood that major disruptions will occur.

The Swisscom Clouds form a key basis for the operation of numerous customer applications as well as the company’s own applications. Swisscom follows the latest technical trends and is constantly developing its state-of-the-art solutions such as Infrastructure as a Service (IaaS), Platform as a Service (PaaS) and Container as a Service (CaaS). As part of its cloud strategy, Swisscom also draws on public cloud services, relying on close partnerships with Amazon Web Services (AWS) or Microsoft Azure. In addition to its extensive multi-cloud service offering for business customers, Swisscom increasingly relies on the services of AWS to operate its internal applications.

As well as IT applications, Swisscom uses its cloud platforms to provide communication services. These include an ever broader connectivity offering featuring advanced services such as Software Defined Wide Area Network (SD-WAN), Managed Security and Managed LAN. Swisscom is also focussing increasingly on state-of-the-art approaches such as Secure Access Service Edge (SASE) and Zero Trust Network Access (ZTNA). The constant state of change on the market backs up its efforts to use the latest technologies both internally and externally for the benefit of its customers. Instead of developing its own infrastructure, Swisscom is making use of the standardised systems created by its partners. The focus on the development of market-specific, value-adding services based on established infrastructure has proven sound.

Swisscom is ready for the future thanks to its cost-efficient, automated and stable IT infrastructure. It gives its customers the best possible support as they make their way into the digital world, with state-of-the-art services, extensive knowledge and long-standing experience.

Infrastructure in Italy

Network infrastructure

Fastweb has consistently driven forward the development of the ultra-fast broadband infrastructure and continues to invest in order to offer its customers top-notch performance. By the end of 2024, 90% of Fastweb customers had a connection with a speed of over 100 Mbit/s. Furthermore, Fastweb – in cooperation with FiberCop and Openfiber – covered 55% of homes and businesses with FTTH (Fibre to the Home). Finally, its 5G mobile network, provided in collaboration with WindTre, reached 75% of the Italian population.

In the coming years, Fastweb is aiming to make further investments in fixed and mobile network infrastructure in order to achieve ultra-fast broadband coverage of 90% of homes and businesses by 2030 and exploit the advantages of FTTx and 5G mobile communications.

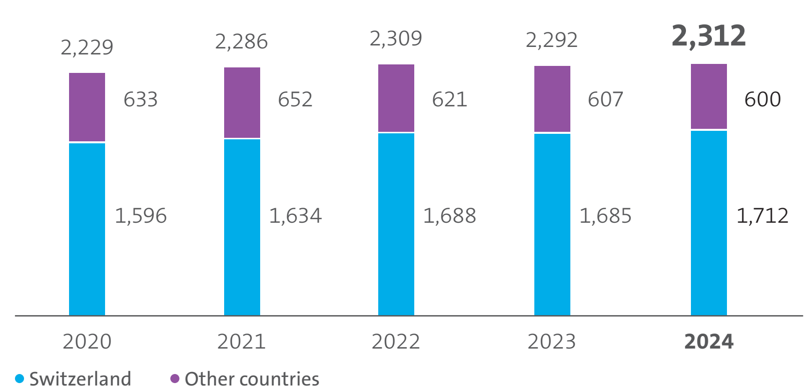
IT infrastructure

Fastweb is positioning itself as a digital partner for large corporations and offers a vast range of connectivity and infrastructure services (cloud, cybersecurity and customised 5G mobile communications solutions). It currently operates five large data centres that are used for commercial purposes (housing and co-location, cloud-based services and other managed ICT services) as well as for internal purposes: two owned and three rented centres with end-to-end governance, four of which are located in the Milan region and one in Rome.

Fastweb is constantly looking for ways to expand the capacity of its data centres. In July 2024, it opened the NeXXt AI Factory near Milan, which houses an AI supercomputer from NVIDIA. The hub makes it possible to offer AI services in the cloud that are based on Fastweb MIIA, the first Italian AI language model, developed in collaboration with the most important Italian publishing houses and content providers.

In view of the growth of the cloud ICT market and the business opportunities in the area of cloud-edge computing, Fastweb is planning to expand the central and local capacities of its data centres and to rely on third-party providers or self-developed solutions. Fastweb develops progressive services such as edge computing, which is expected to comprise around 40 nodes by 2025 and is based on a widely distributed network of mini data centres throughout Italy.

Capital expenditure
In CHF million



Employees

Employees	Part-time	Women
19,887	**22%**	**23%**
employees (FTEs) work at Swisscom, including 80% in Switzerland and 20% abroad.	of employees have part-time workloads at Swisscom.	of the company's workforce is comprised of women; the figure for management is 15%.

Employees in Switzerland

The digital transformation presents numerous opportunities as well as great challenges for employees and companies. As a result, Swisscom helps employees develop their skills and provides them with five training and development days a year. Swisscom offers a wide range of mostly digital learning content via its training and development platform, which employees use to increase their employability regardless of time and location. In the reporting year 2024, Swisscom employees spent an average of 3.9 days per person on learning, training and development.

Overview of employees

Employees (FTEs)	**15,905**
Subordination to CEA	**78%**
Permanent work contracts	**99%**
Part-time employees	**22%**
Fluctuation rate	**6%**

Swisscom staff are employed under private law on the basis of the Code of Obligations. The terms and conditions of employment exceed the minimum standard defined by the Code of Obligations. Swisscom management employees in Switzerland are subject to the general terms and conditions of employment for managers, while the other employees are subject to Swisscom's Collective Employment Agreement (CEA).

See www.swisscom.ch/sir2024

Swisscom plays a pioneering role in flexible and hybrid working throughout Switzerland and is expanding the availability of this type of working model. Its employees appreciate the flexibility, which saves them time spent commuting, improves their work-life balance and enables regular face-to-face meetings in the office and informal interaction.

Collective Employment Agreement (CEA)

Swisscom is committed to fostering constructive dialogue with its social partners – syndicom and transfair – as well as the employee associations that are granted rights of co-determination of varying degrees. The Collective Employment Agreement (CEA) and the social plan are negotiated by Swisscom Ltd and its social partners and applicable to Swisscom Ltd's employees. Group companies, such as Swisscom (Switzerland) Ltd, adopt the CEA by means of an affiliation agreement, possibly with business or sector-specific adjustments. The renegotiated agreement has been in force since 1 January 2024 and has further improved working conditions. The subsidiaries cablex Ltd and Swisscom Directories Ltd (localsearch) negotiate their own CEA with the social partners. Under the Telecommunications Enterprise Act (TEA), Swisscom is obliged to draw up a collective employment agreement in consultation with the employee associations. In the event of any controversial issues, an arbitration commission must be convened which will support the social partners by providing suggestions for solutions.

Social plan

The objective of the social plan is to formulate socially acceptable restructuring measures and avoid job cuts. Responsibility for implementing the social plan lies with the subsidiary firm Worklink AG. The services it offers include skill assessments, career advice and coaching as well as placement in temporary external and internal work assignments. In 2024, 88% of those affected by personnel reduction measures had found a new job before the social plan programme ended (prior year: 86%). For employees with management contracts, there is also an arrangement in place to support them in their professional reorientation in the event of restructuring.

Finding the best

Gaming instead of writing your CV: in its search for the right employees, Swisscom is inviting the digitally savvy to take on game-based challenges in Fortnite. The prize: an interview.

Employee remuneration

Swisscom's salary system comprises a basic salary, a variable performance-related component and bonuses. The basic salary is determined based on function, individual performance and the job market. The variable performance-related salary component is measured by the achievement of overriding objectives such as financial parameters as well as business transformation topics that fall into the areas of operating performance, customers, growth and sustainability. Details on remuneration paid to members of the Group Executive Board are provided in the Remuneration Report.

See report **pages 127–134**

With effect from April 2024, Swisscom and its social partners agreed to increase salaries for employees subject to the CEA by 1.9% of the total payroll. Some of the salary increases were general in nature and some were individual, taking the situation in the salary band into account. An additional 1.5% of the total payroll was available for individual salary adjustments at the management level.

Equal pay

The salary system is structured in such a way that equal salaries are paid for equivalent tasks and services. Employees' salaries are adjusted within the scope of the annual salary review. Swisscom also annually reviews the salary structure for differences between men's and women's wages using the federal government's equal pay tool (Logib). Past reviews have only revealed minor pay discrepancies that are below the tolerance threshold set by the Federal Office for Gender Equality.

Internal staff development and external job market

Swisscom invests in targeted professional training for its employees and managers in order to maintain and improve their employability as well as the company's competitiveness in the long term. It is Swisscom's declared goal to fill as many positions as possible internally. Where this is not possible, external recruitment is used. To recruit the best talent, Swisscom has to compete with national and international companies – especially in the IT professions. Swisscom operates DevOps Centres with 582 employees (FTEs) in both Riga and Rotterdam. It does this primarily to provide access to international talent outside the Swiss labour market, if needed.

Apprenticeships and internships

Swisscom trains 820 apprentices in a variety of professions in Switzerland. It is one of the largest providers of ICT apprenticeships in the country. Following an evaluation of the pilot phase, the recruitment process known as 'Putting people before paper' was finally introduced. This process enables Swisscom to find the right apprentices for its vocational training programme even more efficiently and effectively.

In August 2024, Swisscom launched a pilot trial in which apprentices are familiarised with the foundations of application and software development at the start of their training. In Bern and Zurich, a total of 35 apprentices are taking part in this nine-month trial, which is intended to enable them to integrate quickly into the labour market. The training programme is closely aligned with the needs of employers and legal requirements.

Employee satisfaction

The Pulse survey gives Swisscom employees an opportunity to submit their feedback on a wide variety of issues relating to their personal work situation. Employees' results and the comments are made available to all employees in real time. A survey of this type fosters a culture of feedback and trust, which provides the basis for Swisscom and its employees to grow and develop. The response rate to the Pulse survey was 75% in 2024 (previous year: 76%). Around 90% of the employees who participated in the survey said they recommend Swisscom as an employer.

Diversity

Swisscom takes its social responsibility seriously and is committed to strengthening equality and equal treatment for all employees. It is convinced that the diversity of its entire workforce is what makes Swisscom a successful and innovative company. Relationships based on trust and respect, where employees meet each other on an equal footing, form the essential basis for this. Further information on diversity can be found in the report on non-financial matters.

See report **pages 77–78**

Employees in Italy

The statutory working conditions in Italy are based on a national collective employment agreement for the telecoms sector (CCNL). This agreement sets out the provisions governing working conditions for employees, such as weekly working hours, annual leave entitlement, and maternity and paternity leave. The collective employment agreement also contains provisions governing the relationship between Fastweb and trade unions. Fastweb maintains dialogue with trade unions and employee representatives and involves them in major operational changes at an early stage.

General terms of employment

Weekly working time in hours	**40**
Weeks of holiday entitlement	**5**
Weeks of maternity leave	**20**

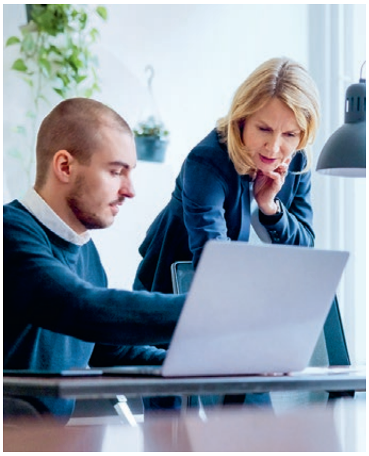
The terms and conditions of employment enable Fastweb employees to strike a healthy balance between their work demands and personal life. The Smart Working concept offers all employees of the company, including customer advisors, full flexibility and autonomy when it comes to choosing a working model. Fastweb employees have the option of using the Smart Working model on all working days or deciding on a day-to-day basis, in consultation with their manager, whether they want to work in the office or from home.

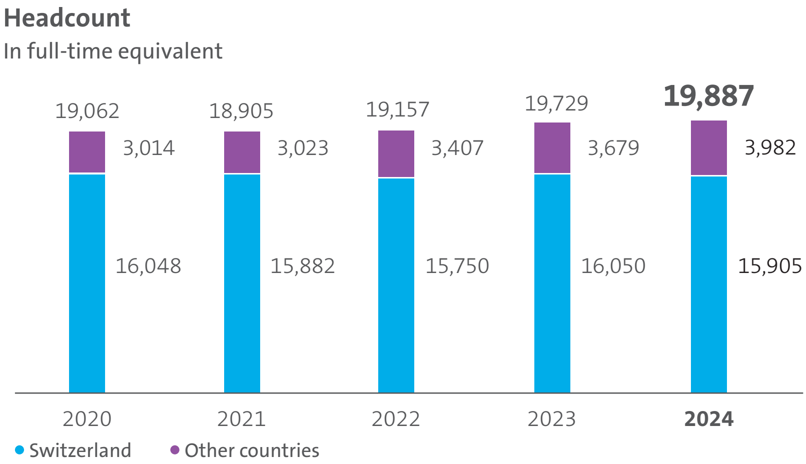
Fastweb offers competitive salaries to attract highly qualified specialists and managerial staff and ensure they remain with the company. Its salary system comprises a basic salary, a collective variable profit-sharing component for non-managerial staff and a variable performance component for managerial staff that is contingent on meeting individual and company goals. The basic salary is determined based on function, individual performance and the situation on the job market. The variable profit-sharing bonus is based on the model agreed with the unions. Fastweb complies with the legal minimum salary.

Fastweb is always interested in attracting new talent. With this goal in mind, the company offers young people the opportunity to complete internships at the company throughout the year and takes part in a programme that introduces school pupils to the working world through internships. Fastweb also participates in career conferences and recruitment events organised by universities and educational institutions in order to meet young candidates.

Fastweb strives to create a safe workplace where employees are proud to express their individuality and value diversity within the organisation. As a result, it views individual differences between employees as something that enriches the company. For Fastweb, inclusion is not only an ethical concern but should also serve as a driving force for the performance of the company as a whole. Further information on diversity can be found in the report on non-financial matters.

See report **pages 77–78**





Brands, products and services

Swisscom brand	Swisscom blue	Fastweb
CHF 6 billion	**2.1 million**	**36%**
is the value of the Swisscom brand.	customers use blue subscriptions.	is Fastweb's market share among business customers.

Swisscom brands

The Swisscom brand is managed strategically as an intangible asset and important element of the Group's reputation management.

In Switzerland, Swisscom offers products and services from its core business under the blue brand, as well as under the Wingo secondary brand and the third-party brands Coop Mobile and M-Budget. Its portfolio also includes other brands which are associated with other themes and business areas. Outside Switzerland, Swisscom's main market is Italy, where it operates under the Fastweb brand. The strategic management and development of the entire brand portfolio is an integral part of corporate communications.

The purpose, vision and values apply to all companies in the Group. Swisscom expects all its employees to align their behaviour with the three corporate values of trustworthiness, commitment and curiosity. Individual promises serve to differentiate the individual brands and make them relevant to specific customers. No changes have been made to the Swisscom brand in the reporting year. The 'ready' brand platform expresses Swisscom's positioning to the outside world, which has an advantageous effect on the brand perception.

In terms of employer branding, Swisscom relies on its employees as ambassadors, primarily via social platforms such as LinkedIn. The My Intranet App MIA is an important tool for internal communications. It brings topics from the intranet to the mobile phones of all employees.

Main brand

Product family

Secondary brand and tertiary brands

Other brands (excerpt)

Swisscom brand portfolio

Trustworthiness, network quality, service and increasingly also ESG commitment are important factors in confirming to existing customers that they made the right decision in opting for Swisscom and in winning new customers, while also helping to emphasise the importance of Swisscom for Switzerland. The targeted sustainability campaigns have had an impact and strengthened the brand overall. This is one reason why the reputation values achieved by Swisscom are exceptionally high for a company in the telecoms sector by global standards.

Entertainment at its best

Linear TV belongs to the past. blue TV offers a choice of films, serials, news and shows at any time – and can also double as a fitness coach, DJ or game console thanks to smart apps.

The Brand Finance 'Schweiz 50 2024' study ranked Swisscom as the second strongest brand in Switzerland in the year under review. Swisscom's brand value remained practically unchanged at CHF 6 billion, making Swisscom one of the ten most valuable Swiss brands.

Products and services in Switzerland

Residential customers

Swisscom offers residential customers internet, TV, telephony and mobile communications under its main Swisscom blue brand. Through the brands Wingo, Coop Mobile and M-Budget, Swisscom targets customers who have lower requirements in terms of service and scope of service. M-Budget and Wingo offer simple, attractive mobile communications offerings in addition to internet and fixed network telephony services. Coop Mobile is exclusively a mobile subscription.

Swisscom has the best mobile network and the largest fibre-optic network in Switzerland for providing its customers with fast and secure internet, top-quality entertainment and freedom while on the move. Those who combine mobile communications and internet subscriptions benefit from a monthly loyalty discount starting from the very lowest subscription level.

Swisscom offers three different blue internet and mobile communications subscriptions. Its mobile telephony offering is rounded off by kids, basic and prepaid tariffs. The subscriptions differ primarily in terms of speed (internet and mobile communications) or the units included in roaming (mobile communications). Each offering includes free extras such as surf protection (Internet Guard) or call blocking (call filter). Swisscom blue offers a comprehensive entertainment experience comprising TV, streaming and cinema. blue TV is available via the Swisscom Box, a smartphone and tablet app, a web player at blue.ch and smart TVs. The app is also available with the complete blue+ offering on the TV boxes of other providers such as UPC TV or Quickline. In addition, Apple TV 4K is available as an alternative to the Swisscom TV-Box. blue TV offers a recording capacity of up to 2,000 hours. The blue Play media library offers up to 28,000 films and series episodes depending on the language region. The 'blue Binge' offer launched during the year under review also allows Swisscom customers to enjoy the basic subscriptions to Netflix and Disney+ at a special price.

In the year under review, Swisscom launched the 'sure' product family in cooperation with its insurance partners. The switch-on insurance products on offer are simple, transparent and flexible. If required, they can be taken out quickly and easily online and convince with their flexible term. In addition, customers always have an overview of their policies in My Swisscom. The products are initially only available to Swisscom customers that have My Swisscom login details.

According to the 'Telecoms 150 2024' report, Swisscom is the strongest telecoms brand in Europe.

The My Swisscom app is and remains the focal point for customers: they can use it to customise their subscriptions, manage their devices, order services or contact customer support. The trade magazine *connect* rated the My Swisscom App as the best telecommunications app in Switzerland for the fourth time in succession in the year under review, as well as rating the Swisscom hotline as 'outstanding'. In addition to the standard communications channels such as hotlines, chats and contact forms, customers get in touch with Swisscom via WhatsApp, Facebook, X (formerly Twitter) and Google Business Messenger. When it comes to service, Swisscom continues to rely on regional, on-site presence. Employees address customers' concerns in more than one hundred Swisscom shops. Here, too, *connect* awarded top marks to Swisscom in the shop test for the fourth time in a row.

Business customers

Telecommunications and IT services

Swisscom makes use of its many years of experience as an integrated telecoms and IT company to support its business customers with their digital transformation efforts and works together with them to develop forward-looking solutions. Its comprehensive ICT portfolio comprises cloud, outsourcing, workplace and IoT solutions, as well as mobile phone solutions for mobile working and communication, networking solutions, location networking, business process optimisation, SAP solutions, security and authentication solutions, data and AI consulting and offers, as well as services tailored to the banking industry.

Swisscom also helps drive the digital transformation of the healthcare sector. It helps makes hospitals more efficient by providing them with support to digitise their processes. It helps health insurance companies by taking over the operation of their core IT systems and interconnects service providers through digitised solutions. In the world of industry, Swisscom is driving a smart manufacturing vision, bringing people, systems, machinery, products and companies together efficiently along the entire value chain.

At the start of 2024, Swisscom announced its collaboration with NVIDIA to build its own AI supercomputers in Switzerland. Through the new Swiss AI Platform, Swisscom offers a secure range of AI-supported services that are operated in Switzerland and based on state-of-the-art infrastructure. The modular Swiss AI Platform guarantees that all data is kept in Switzerland. As a one-stop shop for AI solutions, it offers everything from consulting to operation from a single source.

By acquiring a majority shareholding in the open-source company Camptocamp in the year under review, Swisscom is tapping into a new growth market. With a leading market position, Camptocamp has been offering innovative open-source solutions for over twenty years and has extensive expertise in geographic information systems (GIS), management software systems (enterprise resource planning, ERP) and IT infrastructure.

Offerings for SMEs

Swisscom offers standardised and customisable ICT solutions for the various needs of its SME customers. SME IT Solution is the new, cutting-edge, comprehensive IT offering for SMEs that allows them to fully outsource their IT infrastructure. SMEs thus receive a perfectly coordinated full package of IT services, internet, network and telephony. SME IT Solution meets the highest security standards to provide maximum protection for sensitive company data while keeping it available at all times. Local, regionally based IT partners are on hand to advise customers, offering them a tailored service during installation and operation. IT security services, IoT solutions and cloud-based software for mobile working round off Swisscom's SME portfolio.

Enterprise Mobile bundles the new mobile subscriptions for SME customers. Numerous multi-device options enable flexible surfing and telephoning on several devices. Thanks to prioritised data transmission, customers benefit from an optimal surfing experience even in busy locations. Domestic and international calls can be made directly via Microsoft Teams using a single mobile phone number, regardless of location and device.

The Swisscom Sign solution for electronic signatures rounds off Swisscom's SME portfolio. With it, SMEs can sign contracts and documents quickly, securely and with legal validity – even when travelling. Swisscom Sign is based on the qualified electronic signature (QES), which, under Swiss law, is the only electronic signature considered equivalent to a handwritten signature.

localsearch (Swisscom Directories Ltd)

Through the product portfolio of its subsidiary localsearch (Swisscom Directories Ltd), Swisscom helps Swiss SMEs to gain visibility online, attract new customers and retain them in the long term. localsearch advises SMEs locally throughout Switzerland. Thanks to simple and effective online marketing solutions, it contributes to the success of Swiss SMEs in the digital world. In addition, it also operates the platforms local.ch and search.ch – the directory and booking platforms with the widest reach in Switzerland. localsearch's brand portfolio also includes renovero.ch, the largest Swiss platform for tradespeople, localcities.ch, a platform for communities and associations, and Vergleich CH, an industry comparison service.

Swisscom Broadcast Ltd

The subsidiary Swisscom Broadcast Ltd builds radio networks for broadcasting, security and professional mobile radio networks and makes around 430 transmitter sites available for co-use. It also supports its customers through temporary ICT, streaming media, content delivery, event management and event broadcasting services. The company's safety and security solutions range from video security, drones as a service and drone detection to sensor-based customer insights.

cablex Ltd

As Switzerland's leading network infrastructure and service company, cablex stands for an outstanding customer experience and offers comprehensive networking solutions with state-of-the-art technology. These include high-performance ICT and network infrastructure in cable and wireless networks for the highest bandwidths. The on-site service is organised throughout Switzerland and ensures a first-class customer experience. cablex also offers solutions in the areas of smart building, smart city, smart construction and smart energy. In doing so, cablex provides customers with solutions for future-proof and sustainable infrastructure.

Wholesale

Swisscom Wholesale provides a variety of copper- and fibre-based connectors as per customer requirements. Its Carrier Ethernet and Carrier Line services and lines leased under the TCA enable telecoms service providers to enjoy transparent connections on an as-needed basis with a wide range of different bandwidths and interfaces and/or a flexible Ethernet service allowing tailored bandwidths and qualities of service. Swisscom Wholesale also provides basic offerings for the connection (interconnection) of telecoms systems and services, and supplies its customers with infrastructure products such as the shared use of cable ducts and the mobile network.

Products and services in Italy

In the reporting year, Fastweb secured itself a premium position in the residential customer segment thanks to top-quality service and sustainability targets that set the bar high.

In the fixed-line segment, Fastweb continued to focus on innovation and added value, differentiating itself in the market through the following measures:

- The cutting-edge, high-tech internet box NeXXt, the Wi-Fi booster integrated with Alexa and the new modem with Wi-Fi 6, which was introduced at the beginning of 2024.
- Additional services such as home and pet insurance offered through its partnership with Quixa (AXA Group).
- The premium loyalty programme FastwebUP Plus, which offers exclusive benefits every month.
- Courses offered by the Fastweb Digital Academy, which improve digital literacy among customers.

In the mobile communications sector, Fastweb is pursuing a go-to-market strategy aimed at winning new customers by offering the best value for money on the market. It has also expanded its 5G network. Awards received in the reporting year are a testament to the high connection quality offered by the Fastweb network: in the first half of 2024, the digital company Ookla confirmed that Fastweb has the fastest mobile network in Italy, as was also the case on the previous four occasions.

Fastweb has successfully implemented a 'Beyond the Core' strategy and entered the energy market with Fastweb Energia. Fastweb Energia is a service with fixed monthly tariffs and 100% certified renewable energy. Fastweb's primary aim through this offering is to appeal to its customer base and increase customer value. Energy is procured via external suppliers who supply Fastweb with white-label products. This eliminates trade risks, since Fastweb purchases energy from the suppliers and sells it on. Fastweb also introduced its energy offering for small companies at the end of September in the reporting year.

As part of its sustainability efforts, Fastweb once again developed and managed environmental protection projects in Italy in the reporting year – with the support of non-profit organisations. It also expanded its product range in line with its objectives, offering its customers the first zero-emission internet subscription in Italy since 2024. Fastweb also added the eSIM to its range in 2023, a virtual version of the traditional SIM card.

Fastweb has confirmed its leading position in the corporate business segment. It has continually strengthened its corporate business segment in both core and ICT services, and achieved a market share of 36% at the end of 2024. Fastweb has also further expanded its positioning in the segment of 5G mobile phone services for companies and acquired new corporate customers. In the reporting year, Fastweb continued to focus on bolstering its position in the ICT and security market, expanding its professional services and enlarging its cloud and cybersecurity portfolio.

In addition, Fastweb made a significant investment by acquiring 31 NVIDIA DGX H100 systems to offer cloud-based AI services and to train a national LLM (large language model) for the development of generative AI applications. In the reporting year, Fastweb made a version of its Fastweb MIIA (Italian Artificial Intelligence Model) language model available to start-ups, companies, universities and public administrations for the development of generative AI services and applications. MIIA stores data in Italy, is connected with the Fastweb cloud platform via fibre-optic cables and is protected by four Swisscom Security Operation Centres (SOC).

In the wholesale customers division, Fastweb provided almost over 900,000 ultra-fast broadband connections (residential and business customers) to customers of Sky, WindTre, Iliad, Enel and other small carriers at the end of 2024. The results achieved strengthen Fastweb's role as a wholesale carrier and correspond to a market share of around 15% in Italy (in terms of data revenue).

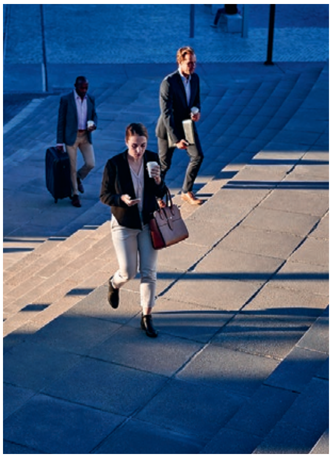
Customer satisfaction

Swisscom measures the satisfaction of residential and business customers twice a year, and that of wholesale customers once a year. The metrics used are the extent to which customers are willing to recommend Swisscom to others and the related Net Promoter Score (NPS). The NPS is calculated from the difference between 'promoters' (customers who would strongly recommend Swisscom) and 'critics' (customers who would only recommend Swisscom with reservations or would not recommend the company).

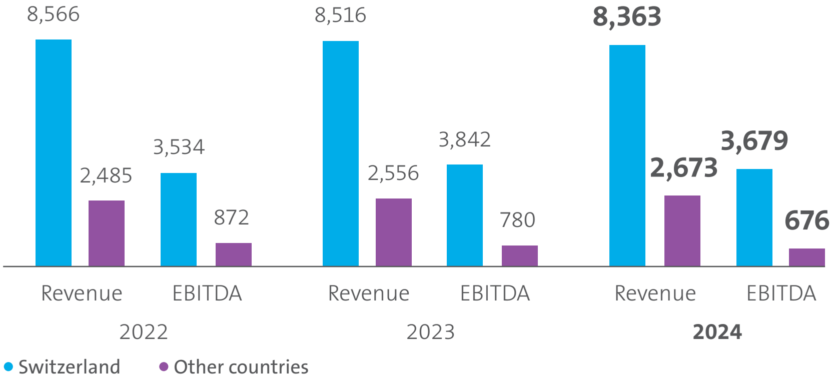
Swisscom conducts the following surveys among residential and business customers:

- The **Residential Customers segment** questions callers to the Swisscom hotline and visitors to the Swisscom shops regularly about waiting times and staff friendliness. Product studies also continuously survey buyers and users to determine product satisfaction, service and quality.
- The **Business Customers segment** conducts surveys among customers to measure satisfaction along the customer experience chain. Feedback tools are implemented at relevant customer touchpoints to enable IT users to submit feedback or enter their comments in the order system after each interaction with the service desk or after placing orders. The customers can also assess the quality and success of their projects on completion.

In view of the highly competitive market, the NPS in the residential customer segment has remained stable at a good level – particularly compared with the competition. The NPS for business customers remains at a very high level. The results of these studies and surveys help Swisscom formulate direct measures to further improve its services and products. They also influence the variable performance-related component of remuneration for employees and management.



Revenue and EBITDA
In CHF million



Innovation and development

Trendscouting

Since 1998

Swisscom has had a branch office in Silicon Valley since 1998.

Promoting innovation

Deep Tech Nation Switzerland Foundation

By establishing the foundation, Swisscom is promoting start-ups together with UBS.

Swisscom Ventures

More than 80 investments

in technology companies made by Swisscom to date.

Innovation as a key driver of business performance

The digital transformation represents a huge opportunity for Swiss society. However, the population will only accept it if trust in secure services and the correct handling of sensitive data are assured. Trust in new technologies is therefore becoming more important, which is why Swisscom wants to serve as ‘Innovators of Trust’ for its customers and for Switzerland as a whole. Innovative strength and trust are core values of Swisscom and central to successful technological and social development. With this in mind, Swisscom is already addressing relevant and promising future topics intensively. It strives every day to delight its customers with the best products and services (‘Delight customers’). Swisscom is driving its growth by developing advanced products and services (‘Innovate for growth’). It also supports forward-looking solutions to make its own processes even more efficient, for example through process digitalisation (‘Achieve more with less’). Finally, innovation is key for Swisscom to position itself as the best ICT employer, attract the best talent and retain it (‘Perform together’). In order to achieve this, it works closely with partners, universities, start-ups and established technology companies.

Swisscom has been engaged in trend and technology scouting in Silicon Valley since 1998. The Outpost provides Swisscom with insights into trends, technologies and developments in strategic innovation fields around the Silicon Valley ecosystem. This year, Swisscom paid particular attention to areas of innovation that have a highly dynamic market environment and are of growing importance: these include AI, cybersecurity and trust. The Swisscom Outpost also maintains local partnerships with promising start-ups, investors and leading US technology companies whose products and business models are then launched in Switzerland and Italy.

Swisscom Ventures has been investing in start-ups since 2007 and networking them with Swisscom as far as possible in order to stimulate innovation. In the year under review, Swisscom made investments in five new companies and eight follow-up investments in existing holdings. This included xFarm, a Swiss precision agriculture company that supports more than 425,000 farms worldwide. Additionally, Swisscom uses the Swisscom StartUp platform to support companies and start-ups in Switzerland with consulting, discounts on IT and cloud services, expert know-how, coaching programmes, financing and community events.

Swisscom Kickbox is an employee-driven intrapreneurship and innovation programme with a clear process, tools, methods and resources for realising innovation projects. It promotes a culture of innovation within the company and works at various strategic levels: for example, in the development of sophisticated customer-centric products and services and in employer branding to help Swisscom attract the best talent. Kickbox is available to other companies via the spin-off rready AG.

See www.swisscom.ch/innovation

Innovation focus areas

Artificial intelligence and automation

Artificial intelligence (AI) is a cross-cutting technology, just like electricity or the internet. These technologies have revolutionised the economy and enabled innovation to occur across all sectors. Swisscom embraced the use of artificial intelligence early in the game in order to offer its customers even better service and to optimise its processes. For example, Swisscom co-founded the Idiap Research Institute in Martigny 30 years ago, and has been conducting research projects on AI together with the EPFL in the Swisscom Digital Lab since 2016. Swisscom uses AI in customer service, in business analytics, in new products and services, and to continuously improve network service. Whether in AI-based speech recognition on the Swisscom hotline, in the service chatbot or in product suggestions, Swisscom uses AI primarily to offer its customers an even better experience and as a convenient way to fully resolve customer enquiries.

Swisscom launched the Swiss AI Platform for business customers in June 2024, The platform enables the development of trustworthy AI applications based on high-performance infrastructure. It guarantees that data will be stored in Switzerland and has a modular structure. With the Swiss AI Platform, customers benefit from flexible access to NVIDIA supercomputers, generative AI services and an AI work hub for developing their own AI solutions.

Security

Threats from the internet are constantly growing in number for private individuals and companies. A number of processes and business models today are completely IT-based, making them potential targets for attackers. In addition, IT landscapes are becoming increasingly complex and vulnerable due to multi-cloud and hybrid cloud solutions. Artificial intelligence is being used more and more frequently by attackers and as a defence against attacks alike. In the reporting year, Swisscom once again expanded its leading range of cybersecurity services in the Swiss market, including services in the area of cloud security that identify in real time any potential security risks in cloud workloads and then initiate security measures. It also further increased its capacity in the Security Operation Centre (SOC) to take effective defensive measures on behalf of customers and contribute to even better protection for digital Switzerland.

Digital trust

Through its digital trust portfolio, Swisscom focuses on products and services that ensure the authenticity of information and its binding nature in the digital space. This includes Swisscom Sign, which is based on the qualified electronic signature (QES). QES is considered equivalent to a handwritten signature under Swiss law. Swisscom Sign is available to all smartphone users – regardless of whether or not they are Swisscom customers. Corresponding offers for companies have rounded off the digital trust portfolio since spring 2024, enabling organisations ranging from SMEs to large corporations to sign watertight contracts and documents electronically – quickly and easily at any time.

Together with its subsidiaries ajila AG and Innovative Web Ltd, Swisscom is working on further solutions to digitalise form-based business and government processes. Swisscom is thus addressing the entire value chain, from the creation of documentation and signatures to processing and handling in the specialised systems. In this regard, one Swiss bank has used Swisscom Sign to completely digitalise and streamline its process for opening an account, including through an online identity check and digital signing of the contract. The subsidiary Swisscom Trust Services Ltd, one of three trust service providers (TSP) in Switzerland, rounds off Swisscom's digital trust portfolio with infrastructure and certificate services. Swisscom thus benefits from broad-based expertise in the regulation and compliance of trust services in Switzerland and the EU.

Other technologies of tomorrow

In addition to its areas of innovation, Swisscom is following developments in fields that could be relevant in the long term. These include LEO satellites, quantum computing, digital twins, Web 3.0, spatial computing and digital health. Among other things, it is monitoring advances in the quantum key distribution method, which guarantees secure data communication and could be used in quantum computers.

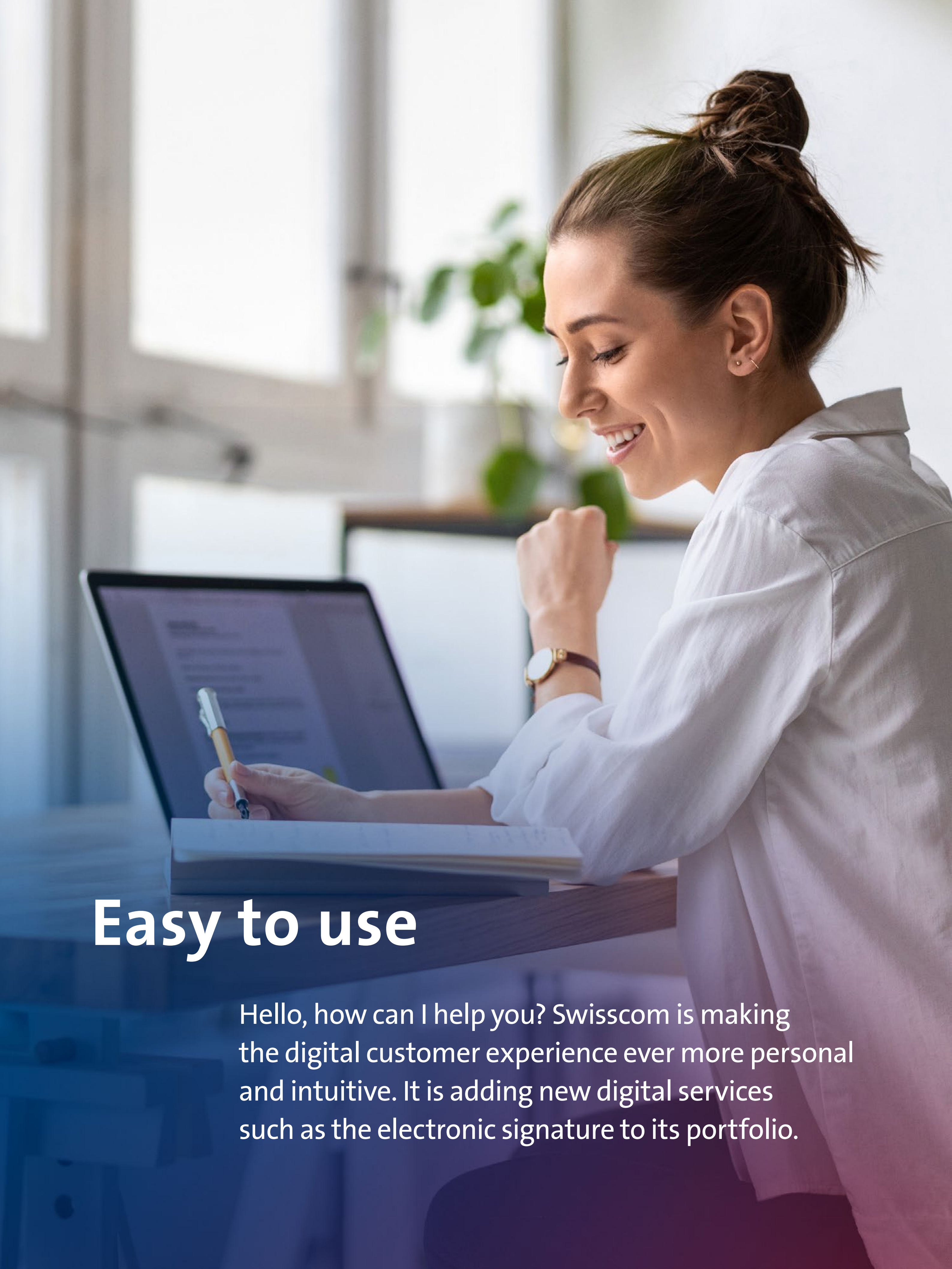
Financial review

Alternative performance measures

Swisscom uses key indicators defined in the International Financial Reporting Standards (IFRS) throughout its entire financial reporting, as well as selected alternative performance measures (APMs). These alternative measures provide useful information on the Group's financial situation and serve financial management and control purposes. As these measures are not defined under IFRS, the calculation may differ from the published APMs of other companies. For this reason, comparability across companies may be limited.

The key alternative performance measures used by Swisscom in its 2024 annual financial reporting are defined as follows.

Key performance indicator	Swisscom definition
Adjustments	Significant items that, due to their exceptional nature, cannot be considered part of the Swisscom Group's ongoing performance, such as termination benefits and significant positions in connection with legal cases or other non-recurring items. In addition, the application of changes in the IFRS accounting principles and standards can have an impact on comparability with the previous year if these principles are not applied retrospectively. The same definitions and calculation bases are applied for the adjustments in the financial year and in the previous year. In the financial reporting, the change in the adjusted operating result before depreciation and amortisation (EBITDA adjusted) is commented on a comparable basis.
At constant exchange rates	Key performance measures considering currency effects (figures for 2024 are translated at the 2023 exchange rate to eliminate the currency effect).
Operating income before depreciation and amortisation (EBITDA)	Operating income before depreciation, amortisation and impairment losses of property, intangible assets and right-of-use assets, financial expense and financial income, result of equity-accounted investees and income tax expense.
Operating income (EBIT)	Operating income before financial expense and financial income, result of equity-accounted investees and income tax expense.
Capital expenditure	Purchase of property, plant and equipment and intangible assets and payments for indefeasible rights of use (IRU) which are classified as leases under IFRS 16. In general, IRUs are paid in full at the beginning of use.
Operating free cash flow	Operating income before depreciation and amortisation (EBITDA) less investments in property, plant and equipment and intangible assets as well as payments for network access rights (IRU) and leasing expenses. Leasing expenses include interest expenses on leasing liabilities and depreciation of rights of use excluding depreciation of rights of use for network access (IRU) as well as impairments of rights of use.
Free cash flow	Cash flows from operating and investing activities excl. cash flows from the acquisition and sale of subsidiaries as well as income and expenses for equity-accounted investments and other financial assets.
Net debt	Financial liabilities and lease liabilities less cash and cash equivalents, listed debt instruments and derivative financial instruments.



Easy to use

Hello, how can I help you? Swisscom is making the digital customer experience ever more personal and intuitive. It is adding new digital services such as the electronic signature to its portfolio.

Reconciliation of alternative performance measures

In CHF million	2024	2023	Change reported	Change at constant currencies
Revenue				
Revenue	**11,036**	**11,072**	**–0.3%**	**0.2%**
Operating income before depreciation and amortisation (EBITDA)				
EBITDA	4,355	4,622	–5.8%	–5.4%
Termination benefits	14	7		
Release of provisions for legal proceedings in Switzerland	(24)	(64)		
Additions of provisions for legal proceedings in Italy	–	13		
Costs of changing the fixed wireless access strategy in Italy	–	60		
Transaction costs acquisition of Vodafone Italia	60	–		
Integrations costs Vodafone Italia	167	–		
EBITDA adjusted	**4,572**	**4,638**	**–1.4%**	**–1.0%**
Capital expenditure				
Capital expenditure in property, plant and equipment and intangible assets	2,288	2,272	0.7%	1.3%
Payments for indefeasible rights of use (IRU)	24	20	20.0%	
Capital expenditure	**2,312**	**2,292**	**0.9%**	**1.5%**

In CHF million	2024	2023	Change
Operating free cash flow			
Cash inflow from operating activities	3,977	4,029	(52)
Capital expenditure	(2,312)	(2,292)	(20)
Depreciation of right-of-use assets	(261)	(291)	30
Depreciation of indefeasible rights of use (IRU)	18	18	–
Impairment losses on right-of-use assets	–	29	(29)
Proceeds from finance leases	(80)	(108)	28
Change in deferred gain from the sale and leaseback of real estate	4	4	–
Change in operating assets and liabilities	9	5	4
Change in provisions	(26)	124	(150)
Change in defined benefit obligations	5	31	(26)
Gain on sale of property, plant and equipment	26	6	20
Loss on disposal of property, plant and equipment	–	(1)	1
Expense for share-based payments	(1)	(1)	–
Revenue from finance leases	87	108	(21)
Interest received	(102)	(7)	(95)
Interest paid on financial liabilities	112	84	28
Dividends received	(1)	(9)	8
Income taxes paid	297	313	(16)
Operating free cash flow	**1,752**	**2,042**	**(290)**
Free cash flow			
Cash inflow from operating activities	3,977	4,029	(52)
Cash flow used in investing activities	(9,279)	(2,322)	(6,957)
Repayment of lease liabilities	(267)	(270)	3
Acquisition of subsidiaries, net of cash and cash equivalents acquired	7,372	62	7,310
Proceeds from sale of subsidiaries, net of cash and cash equivalents sold	(2)	(2)	–
Purchase of equity-accounted investees	2	3	(1)
Purchase of other financial assets	2,020	13	2,007
Proceeds from other financial assets	(2,386)	(33)	(2,353)
Free cash flow	**1,437**	**1,480**	**(43)**

Summary

In CHF million, except where indicated	2024	2023	Change	in %
Revenue	11,036	11,072	(36)	–0.3%
Operating income before depreciation and amortisation (EBITDA)	4,355	4,622	(267)	–5.8%
EBITDA as % of revenue	39.5	41.7	(2.2)	
Operating income (EBIT)	1,951	2,205	(254)	–11.5%
Net income	1,541	1,711	(170)	–9.9%
Operating free cash flow	1,752	2,042	(290)	–14.2%
Free cash flow	1,437	1,480	(43)	–2.9%
Capital expenditure	2,312	2,292	20	0.9%
Net debt	15,597	7,071	8,526	120.6%
Net debt/EBITDA	2.4 [1]	1.5	0.9	
Equity	12,155	11,622	533	4.6%
Equity ratio	32.7	47.0	(14.3)	
Full-time equivalent employees	19,887	19,729	158	0.8%

1 Pro forma.

The main contributors to Group net revenue for 2024 of CHF 11.0 billion are the Swisscom Switzerland (72%) and Fastweb (24%) segments. Swisscom Switzerland accounts for 82% of the operating income before depreciation and amortisation (EBITDA) of CHF 4.4 billion, with Fastweb accounting for a share of 15%.

Compared with the previous year, group revenue fell by 0.3% to CHF 11,036 million and operating income before depreciation and amortisation (EBITDA) by 5.8% to CHF 4,355 million. The reported revenue and EBITDA development was influenced by the performance of the euro (EUR) as a result of Fastweb's substantial share. The average EUR exchange rate decreased by 2.2% year on year in 2024. This resulted in negative currency translation effects on Group revenue of CHF 60 million and on EBITDA of CHF 19 million. Based on a constant EUR exchange rate, revenue in 2024 rose by 0.2% or CHF 24 million. Swisscom Switzerland's revenue fell by 1.7% and Fastweb achieved growth in revenue of 6.7% (in EUR). In Other Operating Segments, revenue increased by 4.5%.

EBITDA development is influenced negatively not only by currency effects, but also primarily by non-recurring items of CHF 217 million net (prior year: CHF –16 million). The non-recurring items in 2024 include integration costs of CHF 167 million and transaction costs of CHF 60 million in connection with the acquisition of Vodafone Italia. In addition, downsizing costs of CHF 14 million (prior year: CHF 7 million) were recorded. Furthermore, costs of CHF 60 million were incurred at Fastweb as a result of an adjustment of the FWA strategy. By contrast, provisions for legal proceedings amounting to net CHF 24 million (prior year: CHF 51 million). Without these non-recurring items and at a constant EUR exchange rate, EBITDA decreased by CHF 47 million (–1.0%). Swisscom Switzerland accounted for CHF 41 million (–1.1%) of this; Fastweb, for its part, made a positive contribution of CHF 9 million (+1.1%). Net income fell by CHF 170 million or 9.9% year on year to CHF 1,541 million. The decline can mainly be attributed to the costs recorded in connection with the acquisition of Vodafone Italia. The Annual General Meeting will propose an unchanged dividend of CHF 22 per share for the 2024 financial year.

Capital expenditure rose by 0.9% year on year to 2,312 million. This primarily relates to network infrastructure in the Swiss core business and at Fastweb. The generated free cash flow of CHF 1,437 million finances the total dividend of CHF 1,140 million. The acquisition of Vodafone Italia increased net debt by CHF 9.1 billion (purchase price of CHF 7.4 billion and acquired lease liabilities of CHF 1.7 billion) to CHF 15.6 billion, which corresponds to a pro forma net debt/EBITDA ratio of 2.4. The singleA credit rating confirmed by both rating agencies (Moody's and S&P Global Ratings) underlines Swisscom's solid financial position.

Swisscom expects revenue of around CHF 15.0 billion to CHF 15.2 billion, EBITDA after lease expense (EBITDAaL) of around CHF 5.0 billion and capital expenditure of around between CHF 3.1 billion and CHF 3.2 billion for 2025. Subject to achieving its targets, Swisscom plans to propose payment of an increased dividend of CHF 26 per share for the 2025 financial year at the 2026 Annual General Meeting.

Segment results

In CHF million, except where indicated	2024	2023	Change	in %
Revenue [1]				
Residential Customers	4,372	4,505	(133)	–3.0%
Business Customers	3,096	3,083	13	0.4%
Wholesale	524	541	(17)	–3.1%
Infrastructure & Support Functions	75	73	2	2.7%
Intersegment elimination	(61)	(55)	(6)	10.9%
Swisscom Switzerland	**8,006**	**8,147**	**(141)**	**–1.7%**
Fastweb	2,672	2,561	111	4.3%
Other Operating Segments	1,111	1,063	48	4.5%
Intersegment elimination	(753)	(699)	(54)	7.7%
Total revenue	**11,036**	**11,072**	**(36)**	**–0.3%**
Operating income before depreciation and amortisation (EBITDA) [1]				
Residential Customers	2,997	3,007	(10)	–0.3%
Business Customers	1,276	1,345	(69)	–5.1%
Wholesale	291	325	(34)	–10.5%
Infrastructure & Support Functions	(1,002)	(969)	(33)	3.4%
Intersegment elimination	(1)	1	(2)	
Swisscom Switzerland	**3,561**	**3,709**	**(148)**	**–4.0%**
Fastweb	671	776	(105)	–13.5%
Other Operating Segments	147	145	2	1.4%
Reconciliation pension cost [2]	25	37	(12)	–32.4%
Intersegment elimination	(49)	(45)	(4)	8.9%
Total (EBITDA)	**4,355**	**4,622**	**(267)**	**–5.8%**

1 As of 1 January 2024 Swisscom has made adjustments to the financial management. The previous year's figures have been adjusted accordingly. For further information, see note 1.1 to the interim financial statements.

2 Operating income of segments includes ordinary employer contributions as pension fund expense. The difference to the pension cost according to IAS 19 is recognised as a reconciliation item.

Swisscom's reporting focuses on the operating divisions Swisscom Switzerland and Fastweb. The other business divisions are grouped together under Other Operating Segments.

Swisscom Switzerland comprises the customer segments Residential Customers, Business Customers and Wholesale, along with the Infrastructure & Support Functions business division. Infrastructure & Support Functions is managed as a cost centre and does not charge network costs and management fees to other segments. The remaining services between the segments are charged at market prices. The segment results for Residential Customers, Business Customers and Wholesale correspond to a contribution margin before network costs.

Fastweb operates in Italy and consists of the Residential Customers, Business Customers and Wholesale segments.

Other Operating Segments primarily comprises Swisscom Directories Ltd (localsearch), Swisscom Broadcast Ltd (radio transmitters) and cablex Ltd (network construction and maintenance).

Swisscom Switzerland

In CHF million, except where indicated	2024	2023	Change	in %
Revenue and operating income before depreciation and amortisation (EBITDA)				
Telecom services	5,289	5,401	(112)	–2.1%
IT services	1,191	1,154	37	3.2%
Merchandise	801	835	(34)	–4.1%
Wholesale	514	530	(16)	–3.0%
Revenue other	148	169	(21)	–12.4%
External revenue	**7,943**	**8,089**	**(146)**	**–1.8%**
Intersegment revenue	63	58	5	8.6%
Revenue	**8,006**	**8,147**	**(141)**	**–1.7%**
Direct costs	(1,635)	(1,705)	70	–4.1%
Indirect costs	(2,810)	(2,733)	(77)	2.8%
Operating expense	**(4,445)**	**(4,438)**	**(7)**	**0.2%**
EBITDA	**3,561**	**3,709**	**(148)**	**–4.0%**
Margin as % of revenue	44.5	45.5		
Operating free cash flow				
EBITDA	3,561	3,709	(148)	–4.0%
Lease expense	(232)	(225)	(7)	3.1%
EBITDA after lease expense (EBITDAaL)	**3,329**	**3,484**	**(155)**	**–4.4%**
Capital expenditure	(1,725)	(1,690)	(35)	2.1%
Operating free cash flow	**1,604**	**1,794**	**(190)**	**–10.6%**
Operational data in thousand and full-time equivalent employees				
Fixed telephony access lines	1,137	1,226	(89)	–7.3%
Broadband access lines retail	1,967	2,006	(39)	–1.9%
TV access lines	1,493	1,537	(44)	–2.9%
Mobile access lines	6,331	6,277	54	0.9%
Access lines wholesale	731	692	39	5.6%
Headcount	13,319	13,263	56	0.4%

Swisscom Switzerland's revenue fell by 1.7% in the year under review. Telecoms services account for the largest share of revenue (66%). The other main revenue items are IT services (15%), merchandise (10%) and wholesale business (6%).

Competitive pressure and price pressure have led to a CHF 112 million or 2.1% drop in revenue from telecom services. Of this decrease, CHF 61 million (–1.6%) was accounted for by the Residential Customers segment and CHF 51 million (–3.3%) by the Business Customers segment. Revenue from merchandise dipped by 4.1%. Compared with the previous year, Swisscom sold fewer smartphones in the Residential Customers segment. In a market environment that remains very intensive and in which Swisscom's market shares are on the decline in the areas of mobile communications, broadband and the TV market, the number of connections for broadband (–1.9%) and TV (–2.9%) dropped, while the number of mobile connections increased slightly (+0.9%). In mobile communications, the customer structure changed in light of an increase in postpaid lines (+110,000) and a comparable decrease in prepaid lines (–56,000). In the Residential Customers segment, the share of secondary and third-party brands rose from 31% to 34%. The number of connections for fixed network telephony dropped (–7.3%), which was due to the replacement of fixed line telephony connections with mobile telephony.

Revenue from IT services rose by CHF 37 million (+3.2%). The largest share of the increase is attributable to the acquisition of camptocamp SA (March 2024) and Axept Business Software Ltd (June 2023). Swisscom once again had a strong position as a full-service provider in the reporting year, and customer satisfaction remained high. Demand for cloud, security and IoT solutions, and business applications, continued to grow. The decline in wholesale revenue by CHF 16 million (–3.0%) resulted from lower income for foreign customers' roaming in Switzerland.

Operating expense remained almost stable at CHF 4,445 million (+0.2%). The direct costs fell by CHF 70 million (–4.1%), primarily due to the lower volume of smartphones sold and lower customer acquisition costs and customer loyalty costs. The increase in indirect costs by CHF 77 million (+2.8%) was influenced by non-recurring items. In the year under review, non-recurring costs of CHF 60 million were incurred in connection with the preparations and completion of the acquisition of Vodafone Italia. Provisions for termination benefits of CHF 13 million were also set up (prior year: CHF 6 million). By contrast, provisions for legal proceedings amounting to CHF 24 million were reversed (prior year: CHF 64 million). Excluding these non-recurring items, indirect costs fell by CHF 30 million (–1.1%). In telecommunications, cost savings of CHF 72 million were realised through efficiency improvement measures. By contrast, indirect costs in the solutions business rose due to business growth. Headcount in full-time equivalents increased by 56 full-time equivalents (+0.4%). In the Business Customers segment, the headcount increased due to business growth and the acquisition of camptocamp SA, whereas in Infrastructure & Support Functions, it rose due to additional resources and insourcing efforts in IT. Operating income before depreciation and amortisation (EBITDA) fell by 4.0%. Adjusted for non-recurring items, the decrease was 1.1%.

Capital expenditure came to CHF 1,725 million in the reporting year and was thus above the previous year's level (+2.1%). Around two fifths of this amount was used for expanding the access network with optical fibre and neighbourhood connections, meaning that investments in these areas were higher than in the previous year. Capital expenditure on the mobile phone network also increased. At the end of 2024, 52% of homes were connected to the fibre-optic network. A bandwidth of at least 80 Mbit/s was available to 90% of the population. Swisscom's mobile phone network covers 99.9% of the population with 4G or 5G services thanks to the expansion, whereby 86% of the population are able to benefit from the more powerful 5G+ technology variant.

Fastweb

In EUR million, except where indicated	**2024**	2023	Change	in %
Revenue and operating income before depreciation and amortisation (EBITDA)				
Residential customers	1,170	1,163	7	0.6%
Business customers	1,249	1,134	115	10.1%
Wholesale	383	330	53	16.1%
External revenue	**2,802**	**2,627**	**175**	**6.7%**
Intersegment revenue	7	6	1	16.7%
Revenue	**2,809**	**2,633**	**176**	**6.7%**
Operating expense	(2,103)	(1,835)	(268)	14.6%
EBITDA	**706**	**798**	**(92)**	**–11.5%**
Margin as % of revenue	25.1	30.3		
Operating free cash flow				
EBITDA	706	798	(92)	–11.5%
Lease expense	(50)	(55)	5	–9.1%
EBITDA after lease expense (EBITDAaL)	**656**	**743**	**(87)**	**–11.7%**
Capital expenditure	(628)	(623)	(5)	0.8%
Operating free cash flow	**28**	**120**	**(92)**	**–76.7%**
Operational data in thousand and full-time equivalent employees				
Broadband access lines retail	2,544	2,601	(57)	–2.2%
Broadband access lines wholesale	905	648	257	39.7%
Mobile access lines	3,930	3,509	421	12.0%
Headcount	3,299	3,157	142	4.5%

Fastweb's revenue rose year on year by 6.7% or EUR 176 million to EUR 2,809 million. Competition remained fierce. The customer base in the fixed-network business (retail and wholesale) grew by 6.2% overall to 3.45 million. While the customer base in the retail segment fell by 2.2% to 2.54 million due to the challenging market environment, the number of ultra-fast broadband connections provided by Fastweb to other operators (wholesale business) rose by 39.7% to 905,000. Among retail customers, the share of ultra-fast broadband connections increased by one percentage point to 91%. The number of mobile access lines increased by 421,000 (+12.0%) to 3.93 million, with bundled offerings continuing to play an important role here. 44% of broadband customers used a bundled offering combining fixed network and mobile. At EUR 1,170 million, residential customer revenue remained at almost the same level year on year (+0.6%). The lower revenue in the fixed-network business was compensated for by an increase in the mobile communications segment and as a result of its larger customer base. Revenue from business customers increased by 10.1% or EUR 115 million to EUR 1,249 million. This was due to higher revenue from IT services. Revenue from wholesale business increased by 16.1% or EUR 53 million to EUR 383 million due to broadband access growth.

Operating expense increased year on year by EUR 268 million (+14.6%). Operating expense in the previous year was impacted by the recognition of provisions for legal proceedings in the amount of EUR 13 million and costs of EUR 61 million due to a change in the fixed wireless access (FWA) strategy. In the operating expense for 2024, integration costs of EUR 176 million in connection with the acquisition of Vodafone Italia were recorded. After adjustments to reflect these effects, operating expense rose by EUR 166 million (+9.4%), mainly due to growth in revenue. Adjusted EBITDA increased by EUR 10 million (+1.1%). In the year under review, capital expenditure was unchanged year on year at EUR 628 million (+0.8%). Headcount increased by 4.5% or 142 FTEs to 3,299 FTEs as the company took on external staff and the growth created a need for more personnel.

Other Operating Segments

In CHF million, except where indicated	2024	2023	Change	in %
Revenue and operating income before depreciation and amortisation (EBITDA)				
External revenue	427	427	–	0.0%
Intersegment revenue	684	636	48	7.5%
Revenue	**1,111**	**1,063**	**48**	**4.5%**
Operating expense	(964)	(918)	(46)	5.0%
EBITDA	**147**	**145**	**2**	**1.4%**
Margin as % of revenue	13.2	13.6		
Operating free cash flow				
EBITDA	147	145	2	1.4%
Lease expense	(11)	(11)	–	0.0%
EBITDA after lease expense (EBITDAaL)	**136**	**134**	**2**	**1.5%**
Capital expenditure	(39)	(40)	1	–2.5%
Operating free cash flow	**97**	**94**	**3**	**3.2%**
Full-time equivalent employees				
Headcount	3,269	3,309	(40)	–1.2%

Revenue in Other Operating Segments was up by 4.5% or CHF 48 million year on year to CHF 1,111 million, due primarily to higher revenue at cablex. Operating income before depreciation and amortisation (EBITDA) was above that of the previous year (+1.4%) at CHF 147 million. The profit margin fell slightly to 13.2% (prior year: 13.6%). Headcount was at 3,269 full-time equivalents, and was therefore almost on a par with the previous year (–1.2%).

Reconciliation of pension cost and intersegment elimination

The reconciliation item for pension cost is the difference between employer contributions and the pension cost under IFRS. Intersegment elimination relates to intragroup profits on capitalised services of other Group companies. Because the interest rate relevant for IFRS measurement has decreased, the reconciliation item for pension cost produced a positive EBITDA contribution of CHF 25 million in 2024 (prior year: CHF 37 million).

Depreciation and amortisation, non-operating results

In CHF million, except where indicated	2024	2023	Change	in %
Operating income before depreciation and amortisation (EBITDA)	**4,355**	**4,622**	**(267)**	**–5.8%**
Depreciation, amortisation and impairment of property, plant and equipment, intangible assets and goodwill	(2,143)	(2,126)	(17)	0.8%
Depreciation of right-of-use assets	(261)	(291)	30	–10.3%
Operating income (EBIT)	**1,951**	**2,205**	**(254)**	**–11.5%**
Net interest expense for financial assets and liabilities	(34)	(67)	33	–49.3%
Interest expense on lease liabilities	(48)	(44)	(4)	9.1%
Other financial result	(6)	(19)	13	–68.4%
Result of equity-accounted investees	(2)	–	(2)	
Income before income taxes	**1,861**	**2,075**	**(214)**	**–10.3%**
Income tax expense	(320)	(364)	44	–12.1%
Net income	**1,541**	**1,711**	**(170)**	**–9.9%**
Earnings per share (in CHF)	29.77	33.03	(3.26)	–9.9%

Net income fell by CHF 170 million or 9.9% to CHF 1,541 million. The decline can mainly be attributed to the integration and transaction costs recognised in the operating income in connection with the acquisition of Vodafone Italia. Accordingly, earnings per share of CHF 33.03 fell to CHF 29.77.

Income tax expense

In CHF million, except where indicated	Switzerland	Italy	Other	Total
2024 financial year				
Income before income taxes	1,862	(14)	13	1,861
Income tax expense	310	2	8	320
Effective income tax rate	16.6%	–14.3%	61.5%	17.2%
Income taxes paid	245	50	2	297
2023 financial year				
Income before income taxes	2,040	30	5	2,075
Income tax expense	346	19	(1)	364
Effective income tax rate	17.0%	63.3%	–20.0%	17.5%
Income taxes paid	226	57	30	313

The effective income tax rate is 17.2% (prior year: 17.5%). Swisscom anticipates a future effective consolidated tax rate between of 18% and 19%. The CHF 16 million increase in income taxes paid to CHF 297 million was attributable to back-payments incurred in the previous year for previous financial years.

Cash flows

In CHF million	2024	2023	Change
Operating income before depreciation and amortisation (EBITDA)	4,355	4,622	(267)
Lease expense	(291)	(288)	(3)
EBITDA after lease expense (EBITDAaL)	**4,064**	**4,334**	**(270)**
Capital expenditure	(2,312)	(2,292)	(20)
Operating free cash flow	**1,752**	**2,042**	**(290)**
Change in net working capital	13	(133)	146
Change in defined benefit obligations	(5)	(31)	26
Net interest payments on financial assets and liabilities	(10)	(77)	67
Income taxes paid	(297)	(313)	16
Other operating cash flow	(16)	(8)	(8)
Free cash flow	**1,437**	**1,480**	**(43)**
Dividends paid to equity holders of Swisscom Ltd	(1,140)	(1,140)	–
Net expenditures for company acquisitions and disposals	(12)	(63)	51
Proceeds from sale of FiberCop	423	–	423
Other changes [1]	(165)	26	(191)
Decrease in net debt before Vodafone Italia transaction	**543**	**303**	**248**
Purchase price	(7,420)	–	(7,420)
Lease liabilities	(1,697)	–	(1,697)
Other net debt	48	–	48
Vodafone Italia transaction	**(9,069)**	**–**	**(9,069)**
(Increase) decrease in net debt	**(8,526)**	**303**	**(8,821)**

1 Includes foreign currency effects, fair value adjustments and non-cash changes in net debt positions.

Operating free cash flow fell by CHF 290 million to CHF 1,752 (–14.2%) million due to lower EBITDA and higher capital expenditure. Net working capital fell by CHF 13 million compared with the end of 2023 (prior year: increase of CHF 133 million). This includes the additions to provisions, which were recorded in EBITDA in connection with the acquisition of Vodafone Italia. Various payment maturities for interest income and expenses resulted in lower net interest paid. As a result, free cash flow fell by CHF 43 million to CHF 1,437 million. The free cash flow financed the dividend totalling CHF 1,140 million. In 2024, Fastweb sold its 4.5% share in FiberCop for a purchase price of EUR 439 million (CHF 423 million). At the end of 2024, the acquisition of Vodafone Italia was completed. The purchase price was EUR 7.9 billion (CHF 7.4 billion). Lease liabilities of CHF 1.7 billion were assumed with the acquisition.

Capital expenditure

In CHF million, except where indicated	2024	2023	Change	in %
Backbone and infrastructure	118	133	(15)	–11.3%
Fixed access network	714	657	57	8.7%
Mobile network	268	245	23	9.4%
IT	504	509	(5)	–1.0%
Other	121	146	(25)	–17.1%
Swisscom Switzerland	**1,725**	**1,690**	**35**	**2.1%**
Fastweb	597	606	(9)	–1.5%
Other Operating Segments	39	40	(1)	–2.5%
Elimination (interim gains)	(49)	(44)	(5)	11.4%
Total capital expenditure	**2,312**	**2,292**	**20**	**0.9%**
Thereof Switzerland	1,712	1,685	27	1.6%
Thereof other countries	600	607	(7)	–1.2%
Capital expenditure as % of revenue	20.9	20.7	0.2	

The capital expenditure of CHF 2,312 million or 21% of revenue once again reached a substantial amount in the reporting year. The share of capital expenditure in Switzerland came to 74% thanks to an amount of CHF 1,712 million.

Swisscom Switzerland's capital expenditure rose by 2.1% or CHF 35 million to CHF 1,725 million, with capital expenditure on fibre-optic connection (fixed network access network) as well as capital expenditure on the mobile phone network increasing year on year.

Fastweb's capital expenditure totalled EUR 628 million in local currency in the reporting year. It was therefore at almost the same level as the previous year (+0.8%).

Net asset position

In CHF million	31.12.2024	31.12.2023	Change
Property, plant and equipment	13,501	11,059	2,442
Intangible assets	6,124	1,737	4,387
Goodwill	6,298	5,172	1,126
Right-of-use assets	3,994	1,972	2,022
Trade receivables	2,892	2,143	749
Receivables from finance leases	163	130	33
Trade payables	(2,685)	(1,611)	(1,074)
Provisions	(1,540)	(1,263)	(277)
Deferred gain on sale and leaseback of real estate	(77)	(81)	4
Other operating assets and liabilities, net	(247)	(141)	(106)
Net operating assets	**28,423**	**19,117**	**9,306**
Net debt	(15,597)	(7,071)	(8,526)
Defined benefit assets and obligations, net	(53)	(10)	(43)
Income tax assets and liabilities, net	(843)	(875)	32
Equity-accounted investees and other non-current financial assets	225	461	(236)
Equity	**12,155**	**11,622**	**533**
Equity ratio in %	32.7	47.0	(14.3)

Operating assets

The acquisition of Vodafone Italia has a significant impact on Swisscom's balance sheet. The effect on net operating assets amounts to CHF 9.3 billion. Without Vodafone Italia, operating assets remained almost unchanged. For Vodafone Italia, a goodwill totalling CHF 1.1 billion is accounted for from the provisional purchase price allocation. The lion's share of the goodwill, totalling CHF 6.3 billion, is attributable to Swisscom Switzerland (CHF 4.3 billion). This goodwill arose primarily in 2007 in connection with the repurchase of the 25% stake in Swisscom Mobile Ltd. This had been sold to the Vodafone Group in 2001. The valuation risk of this goodwill item is very low. The carrying amount of goodwill for Fastweb is CHF 0.5 billion. In total, the carrying amount of the net assets of Fastweb and Vodafone together amounts to around EUR 11 billion (CHF 10 billion).

Post-employment benefits

The net defined benefit obligations in accordance with IFRS provisions amount to CHF 53 million (prior year: CHF 10 million). According to Swiss accounting standards (Swiss GAAP ARR), the Swisscom pension fund has a surplus amount of CHF 2.0 billion and a coverage ratio of 118.1% as per the provisional financial statements for 2024 (prior year: 114.5%). Due to different assumptions and methods, the valuation according to IFRS results in a surplus of only CHF 0.5 billion. Due to specific IFRS regulations, most of the surplus was not capitalised.

The pension cost in accordance with IFRS in 2024 was CHF 9 million lower than regulatory employer contributions. Because the interest rate relevant for IFRS measurement has fallen, the IFRS provision expense in 2024 rose by CHF 18 million compared with 2023.

Equity

Swisscom has equity of CHF 12.2 billion and an equity ratio of 32.7%. Equity increased year-on-year by CHF 0.5 billion, mainly due to retained earnings. Due to the acquisition of Vodafone Italia, the balance sheet total increased, causing the equity ratio to decrease. The determination of distributable reserves is based on the financial statements of Swisscom Ltd (separate financial statements in accordance with the Swiss Code of Obligations) and not on the consolidated financial statements in accordance with IFRS. The equity of Swisscom Ltd in the 2024 annual financial statements is CHF 8.9 billion. The difference as compared to the equity reported in the consolidated balance sheet is largely due to earnings retained by subsidiaries and different accounting methods.

Net debt

In CHF million	31.12.2024	31.12.2023	Change
Debenture bonds	9,832	4,789	5,043
Bank loans	3,394	267	3,127
Private placements	322	322	–
Other financial liabilities	351	287	64
Lease liabilities	3,636	1,915	1,721
Total financial liabilities	**17,535**	**7,580**	**9,955**
Cash and cash equivalents	(1,523)	(148)	(1,375)
Listed debt instruments	(271)	(258)	(13)
Other financial assets	(144)	(103)	(41)
Net debt	**15,597**	**7,071**	**8,526**
Ratio net debt/EBITDA	2.4 [1]	1.5	0.9

1 Pro forma.

In the year under review, Swisscom met its target of maintaining a single-A credit rating. In connection with the acquisition of Vodafone Italia, net debt rose by CHF 8.5 billion to CHF 15.6 billion. The increase from the takeover amounted to CHF 9.1 billion (purchase price of CHF 7.4 billion and acquired leasing debt of CHF 1.7 billion). The pro forma net debt/EBITDA ratio amounted to 2.4 (prior year: 1.5), so that the net debt/EBITDA ratio at the end of 2024 was within the limits on net debt set by the Federal Council in the financial targets of 2.4.

At the end of 2024, the proportion of fixed-interest-bearing financial liabilities was 86%, the average interest cost of all financial liabilities was 1.79% and the average remaining term to maturity was 5.4 years. Swisscom also has two credit lines totalling CHF 2.9 billion, which have not been used. In 2025, bonds totalling CHF 0.5 billion will become due for repayment.

Statement of added value

In CHF million	Switzer-land 2024	Other countries 2024	Total 2024	Switzer-land 2023	Other countries 2023	Total 2023
Added value						
Revenue	**8,363**	**2,673**	**11,036**	**8,516**	**2,556**	**11,072**
Capitalised self-constructed assets and other income	658	85	743	596	96	692
Direct costs	(1,652)	(1,320)	(2,972)	(1,730)	(1,176)	(2,906)
Other operating expense [1]	(1,145)	(321)	(1,466)	(1,005)	(528)	(1,533)
Lease expense	(242)	(49)	(291)	(234)	(54)	(288)
Depreciation and amortisation [2]	(1,558)	(575)	(2,133)	(1,486)	(585)	(2,071)
Intermediate inputs	**(3,939)**	**(2,180)**	**(6,119)**	**(3,859)**	**(2,247)**	**(6,106)**
Operating added value	**4,424**	**493**	**4,917**	**4,657**	**309**	**4,966**
Other non-operating result [3]			(301)			(181)
Total added value			**4,616**			**4,785**
Allocation of added value						
Employees [4]	2,453	321	2,774	2,411	306	2,717
Public sector [5]	363	25	388	287	43	330
Shareholders (dividends)			1,140			1,141
Third-party lenders (net interest expense)			34			67
Company (retained earnings) [6]			280			530
Total added value			**4,616**			**4,785**

1 Other operating expense: excl. taxes on capital and other taxes not based on income.
2 Depreciation and amortisation: excl. impairment losses and amortisation of acquisition-related intangible assets such as customer relations.
3 Other non-operating result: financial result excl. net interest expense, result of equity-accounted investees, impairment losses and amortisation of acquisition-related intangible assets.
4 Employees: employer contributions are reported as pension cost, rather than as expenses according to IFRS.
5 Public sector: current income tax expense, capital taxes and other taxes not based on income. Excl. payments for VAT and mobile communication frequencies.
6 Company: including changes in deferred income taxes and defined benefit obligations.

Thanks to a modern, high-performance network infrastructure and a comprehensive, needs-driven offering, Swisscom makes an important contribution to Switzerland's competitiveness and economic success.

Of the consolidated operating added value of CHF 4.9 billion, Swisscom generated 90% or CHF 4.4 billion in Switzerland. Compared to the previous year, operating added value in Switzerland fell by CHF 0.2 billion or 5.0%. The added value per FTE in Switzerland was CHF 278,000 (prior year: CHF 293,000). Including capital expenditure, the purchasing volume in the Swiss business was around CHF 4.2 billion in the reporting year (prior year: CHF 4.3 billion). In addition to direct added value, purchases from suppliers created significant indirect added value for Switzerland's economy.

Financial outlook

Key figures or as noted	2024 reported	2024 pro forma preliminary [1]	**2005 outlook preliminary** [2]
Revenue			
Swisscom Group	**CHF 11.0 bn**	**CHF 15.3 bn**	**CHF 15.0–15.2 bn**
Switzerland	CHF 8.0 bn	CHF 8.0 bn	CHF 7.9–8.0 bn
Italy	EUR 2.8 bn	EUR 7.3 bn	~ EUR 7.3 bn
EBITDA after lease expense (EBITDAaL)			
Swisscom Group	**CHF 4.1 bn**	**CHF 5.2 bn**	**~ CHF 5.0 bn**
Switzerland	CHF 3.3 bn	CHF 3.4 bn	CHF 3.3–3.4 bn
Italy	EUR 0.7 bn	EUR 1.8 bn	EUR 1.6–1.7 bn
Capital expenditure			
Swisscom Group	**CHF 2.3 bn**	**CHF 3.0 bn**	**CHF 3.1–3.2 bn**
Switzerland	CHF 1.7 bn	CHF 1.7 bn	~ CHF 1.7 bn
Italy	EUR 0.6 bn	EUR 1.4 bn	EUR 1.5–1.6 bn
Operating free cash flow			
Swisscom Group	**CHF 1.8 bn**	**CHF 2.2 bn**	**CHF 1.8–1.9 bn**
Switzerland	CHF 1.6 bn	CHF 1.7 bn	~ CHF 1.7 bn
Italy	EUR 0.0 bn	EUR 0.5 bn	EUR 0.1–0.2 bn

1 Pro forma adjusted figures as if Vodafone Italia were consolidated from 1 January 2024 and harmonised accounting policies were applied (on an unaudited basis). Incl. adjustment for one-off items 2024.

2 Exchange rate CHF/EUR 0.93 (2024: CHF/EUR 0.951).

The Swisscom Group includes the segments Switzerland, Italy and Other (not shown in the list above).

From the 2025 financial year onwards, the EBITDA after lease expense (EBITDAaL) metric will be used to measure and report on the financial performance of the Group and the operating segments. Following the acquisition of Vodafone Italia and the adapted principles for lease accounting from the 2025 financial year onwards, the importance of leases has seen a sharp increase. Compared to the previous EBITDA metric, the EBITDAaL metric is considered more reliable and more relevant for financial management (allocation of resources and measurement of financial performance) and communication with investors. It will also boost comparability with other telecommunications providers.

Based on the provisional purchase price allocation and the provisional implementation of Swisscom's accounting policies, the acquired Vodafone Italia has been taken into account in the financial outlook for 2025.

In the first of 2025, the purchase price allocation will continue to progress and the implementation of Swisscom's accounting policies is expected to be finalised. Based on this, the financial outlook will be updated on 8 May 2025 when the results for the first quarter of 2025 are published.

Swisscom's 2025 EBITDAaL contains a lease expense of around CHF 1.6 billion. The 2025 EBITDAaL for Italy includes integration costs of around EUR 50 million.

The 2025 capital expenditure in Italy takes into account costs for the integration of the acquired Vodafone Italia, amounting to EUR 150 million, and adjustments of around EUR 50 million for capital expenditure in connection with the agreement made with INWIT regarding the location optimisation of mobile phone masts. This EUR 50 million will be reimbursed to Swisscom by the Vodafone Group as part of the purchase price adjustment.

The net debt/EBITDA ratio at the end of 2025 is expected to be around 2.4.

Subject to achieving its targets, Swisscom plans to propose payment of an increased dividend of CHF 26 per share for the 2025 financial year at the 2026 Annual General Meeting.

Capital market

Market value

CHF 26.1 billion

Swisscom market capitalisation at the end of 2024.

Total shareholder return

4.1%

Total shareholder returns achieved by the Swisscom share in 2024.

Credit rating

Single-A rating

is confirmed by S&P Global Ratings and Moody's.

Swisscom share

In CHF million, except where indicated		**31.12.2024**	31.12.2023
Number of issued shares		51.802	51.802
Closing price at end of period	CHF	504.50	506.00
Closing price highest	CHF	571.00	619.40
Closing price lowest	CHF	486.80	501.20
Market capitalisation		26,134	26,212
Dividend per share	CHF	22.00	22.00
Dividend return	%	4.3	4.3
Change in Swisscom share price	%	(0.3)	(0.1)
Change in SMI	%	4.2	3.8
Change in STOXX Europe Telco 600 (in EUR)	%	15.6	3.8
Total shareholder return Swisscom share	%	4.1	4.2
Total shareholder return on Swisscom shares over the last five years	%	20.8	32.9
Total shareholder return SMI	%	7.5	6.1
Total shareholder return SMI over the last five years	%	27.3	54.1
Total shareholder return STOXX Europe Telco 600 (in EUR)	%	21.8	8.9
Total shareholder return STOXX Europe Telco 600 (in EUR) over the last five years	%	16.9	1.1

At the end of 2024, the Swisscom share price was virtually unchanged against the closing price at the end of the previous year. The benchmark indices showed better performance in 2024. The SMI increased by 4.2% and the STOXX Europe Telco 600 (EUR) rose by 15.6%. The Swisscom share offers an attractive dividend yield of 4.3%. The total shareholder return (TSR) based on the increase in the share price and distributions over the last five years was also positive at 21%.

See www.swisscom.ch/shareprice

Dividend policy

Swisscom pursues a dividend policy whereby a dividend per share at least equal to the previous year is paid out if financial targets are achieved. For the 2024 financial year, the Board of Directors will propose an unchanged dividend of CHF 22 to the Annual General Meeting, which represents a total dividend payment of CHF 1,140 million. Swisscom intends to increase the annual dividend for the 2025 financial year to CHF 26 per share, to be paid out in 2026. This is with the intention of a further dividend increase. Since the IPO in 1998, the total amount distributed has been CHF 38.7 billion.

Credit ratings and financing

Swisscom has good credit ratings from international rating agencies. In the 2023 reviews, S&P Global Ratings left the rating unchanged at A (positive) and Moody's increased the rating to A2 (stable). The acquisition of Vodafone Italia led to S&P Global Ratings lowering the rating to A- and Moody's to A2. It continues to have one of the highest ratings among European telecommunications companies, supported by a clear debt reduction plan.

Value-oriented business management

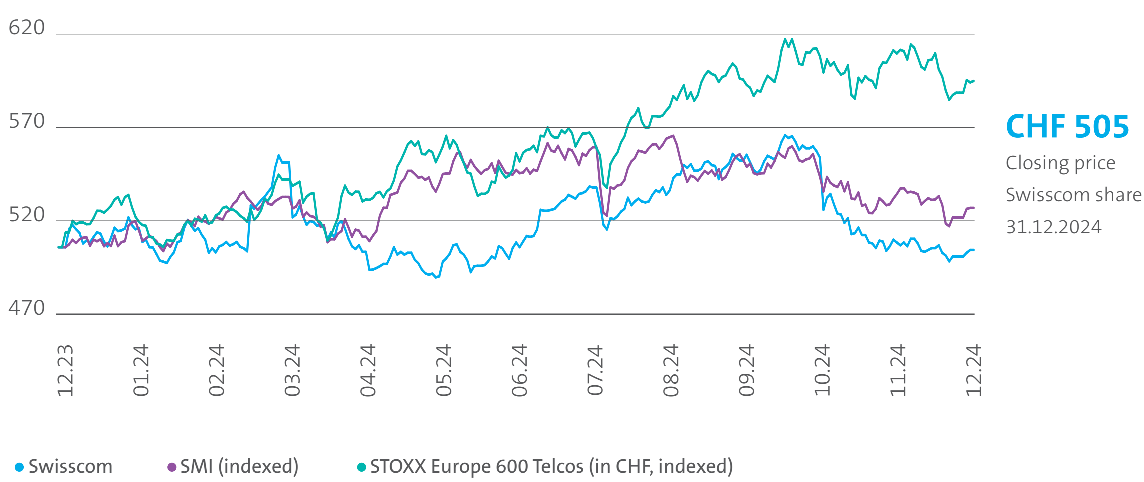
Key performance indicators for planning and managing business operations are revenue, operating income before depreciation and amortisation (EBITDA) and capital expenditure. The enterprise value/EBITDA ratio permits comparison with the value of comparable companies (European telecommunications companies) and with its own figure for the prior year. The members of the Board of Directors and Group Executive Board are paid a portion of their remuneration in the form of Swisscom shares. They are also subject to a minimum shareholding requirement. Variable remuneration based on financial and non-financial targets, the partial settlement of remuneration in shares and the minimum shareholding requirement ensure that the financial interests of management are aligned with the interests of shareholders.

In CHF million, except where indicated	31.12.2024	31.12.2023	Change
Enterprise value			
Market capitalisation	26,134	26,212	(78)
Net debt	15,597	7,071	8,526
Defined benefit assets and obligations, net	53	10	43
Income tax assets and liabilities, net	843	875	(32)
Equity-accounted investees and other non-current financial assets	(225)	(461)	236
Non-controlling interests	–	3	(3)
Enterprise value (EV)	**42,402**	**33,710**	**8,692**
Ratio enterprise value/EBITDA	6.8 [1]	7.3	(0.5)

1 Pro forma.

In connection with the acquisition of Vodafone Italia, Swisscom's enterprise value rose by CHF 8.7 billion (+25.8%) to CHF 42.4 billion. Market capitalisation remained unchanged year on year and net debt increased by CHF 8.6 billion, mainly due to the acquisition of Vodafone Italia. The enterprise value/EBITDA ratio of 6.8x is lower than the prior-year figure of 7.3x. The reason for this decline is the acquisition of Vodafone Italia. Measured against this ratio, Swisscom's relative valuation is well above the average for comparable companies in Europe's telecoms sector. This high relative valuation is supported by Swisscom's solid market position and attractive dividend. In addition, the lower interest rates and lower corporate income tax rates in Switzerland compared with other European countries have a positive effect on its enterprise value.

Share performance 2024
in CHF



Risks

Competitive dynamics

Core business

Swisscom is countering the risk of disruptive megatrends through comprehensive environment analyses, fundamental transformation and increasing its own efficiency.

Politics

Regulation

Swisscom's wide range of business activities, coupled with the complexity of the applicable regulations, calls for an effective compliance management system.

Geopolitics

Currencies, supply bottlenecks and inflation

Swisscom takes steps on an ongoing basis to enable it to respond adequately to geopolitical developments.

Risk situation

Sales in the core business of Swisscom are under pressure from intense competition. New offerings in the areas of digitalisation and IT services, such as cloud and IT security solutions, are intended to compensate at least in part for sagging revenue from the core business. Market developments result in changes to the business model and demand both a profound transformation of Swisscom's own company and greater efficiency. Some of the key risk factors are described below. Further information on risks can be found in the report on non-financial matters.

See report **pages 60–89**

Risk factors

Competitive dynamics in the telecommunications market

Infrastructure providers and service providers that don't have their own network infrastructure are driving the competitive dynamics. Swisscom is countering this pressure and the development of revenue from the traditional telecoms business by transforming the company, as well as through constant innovation. Megatrends such as increasing connectivity, customisation of customer needs, and demographic change are shaping and altering both society and the economy and have a long-term impact on the activities of Swisscom. Swisscom conducts a comprehensive external environment analysis at least once a year in order to identify potential disruptions at an early stage. It uses the future trends and developments identified by the analysis in a targeted manner: for example, to categorise new, potentially disruptive developments and to model possible scenarios in a timely manner. Swisscom also produces regular analyses of the economic and regulatory environment. It also examines the activities of global internet corporations in greater depth to identify relevant changes and respond with appropriate measures. To respond to changes in the market, Swisscom consistently focuses on customer needs when transforming its own company and optimises or adapts its processes and its organisation.

Policy, regulation and compliance

The manner in which regulations are implemented entails risks for Swisscom, which could have an adverse impact on the company's financial position and results of operations. Sanctions by the Competition Commission could also reduce Swisscom's operating results and cause reputational damage to the company. Finally, excessively high political demands threaten to fundamentally undermine the current competitive system. Swisscom's wide range of business activities, coupled with the complexity of the applicable regulations, calls for an effective compliance management system (CMS). Swisscom's central CMS covers the entire Group. It was audited by an independent auditor in accordance with ISO 37301 (compliance management systems) during the year under review.

Geopolitical development

Swisscom pursues a successful hedging strategy, thereby minimising the risk of losses that can arise as a result of fluctuating foreign exchange rates. Geopolitical developments also pose the risk of inflation, shortages of goods or delays in deliveries, and recession in general. Changes in the geopolitical situation have put the need to protect critical infrastructure on the political agenda. A new parliamentary motion calls for a legal basis for, if necessary, banning technical equipment components from countries where state or state-related institutions exert control over industry. To enable it to respond appropriately to geopolitical developments, Swisscom reviews and implements measures on an ongoing basis.

Increasing bandwidth in the access network

Customer demand for broadband access is growing in proportion to the growing popularity of devices and IP-based (Internet Protocol-based) services (smartphones, IPTV, OTTs, etc.). Swisscom faces tough competition from cable companies and other network operators as it strives to meet current and future customer needs and defend its own market share. The network expansion this necessitates calls for major investments. To mitigate financial risks and ensure optimum network coverage, network expansion is geared towards population density and customer demand. Swisscom enters into partnerships for network expansion. Substantial risks would arise if Swisscom were forced to spend more on network expansion than planned or if projected long-term earnings were to fall. Swisscom minimises the risks by adapting the broadband expansion of the access network to changing conditions and technical opportunities on an ongoing basis.

Competitive dynamics and regulation in Italy

The competitive dynamics in Italy carry risks that have a detrimental impact on Fastweb's strategy and could jeopardise projected revenue growth as a result. Fastweb is countering this pressure by constantly adapting its services, organisation, processes and partnerships. In the year under review, Swisscom acquired Vodafone Italia, which is to be merged with Fastweb as a result. This will create a leading convergent provider in the Italian market, which will be able to remain robust in the face of external risks thanks to expected synergy effects. Changes in the legal and regulatory environment can have a negative impact on business activities and thus on the value of the company.

Business interruption

Usage of Swisscom Switzerland's and Fastweb's services is heavily dependent on technical infrastructure such as communications networks and IT platforms. Any major disruption to business operations poses a financial risk as well as a substantial reputational risk. Force majeure, natural disasters, human error, hardware or software failure, criminal acts by third parties (e.g. computer viruses, hacking activities), power outages, power shortages and the ever-growing complexity and interdependence of modern technologies can cause damage or interruption to operations. Built-in redundancy, contingency plans, deputising arrangements, alternative locations, careful selection of suppliers and other measures are designed to ensure that Swisscom can deliver the level of service that customers expect at all times. As a systemically important company, Swisscom also wants to do its part to minimise the risk of a power shortage. Swisscom was certified in accordance with ISO 22301 (business continuity management) in the reporting year.

Information and security technologies

Swisscom's complex IT architecture entails risks during both the implementation and operating phases. These risks have the potential to delay the rollout of new services, result in additional costs and impact Swisscom's competitiveness. The transformation is being closely monitored by the Group Executive Board. Changes and developments in technology, the economy and society interact to shape the area of internet security because continuous innovations and the opportunities they bring lead not only to opportunities, but also to new risks. Despite the fact that preventing cyberattacks is becoming increasingly difficult due to the rise in the number of potential threats, the objective is to identify these risks at an early stage, systematically document them and take appropriate steps to permanently reduce them.

Health and the environment

In the year under review, claims were again made that electromagnetic radiation (e.g. from mobile antennas or mobile handsets) is potentially harmful to health. Under the terms of the Ordinance on Protection against Non-Ionising Radiation (ONIR), Switzerland has adopted a precautionary principle and introduced limits for base stations in sensitive areas such as homes, schools, hospitals and permanent workplaces that are ten times stricter than those recommended by the World Health Organization (WHO). The public's wary attitude towards 5G, particularly if questions arise concerning locations for mobile communication antennas, is impeding Swisscom's network expansion. Even without stricter legislation, public concerns about the effects of electromagnetic radiation on the environment and health could further hamper the construction of wireless networks in the future and drive up costs.

Report on Non-financial Matters

General information

About this report

Reporting on non-financial matters

In accordance with Article 964b of the Swiss Code of Obligations, the report on non-financial matters contains disclosures about environmental matters (especially the CO_2 targets) as well as social, employee, human rights and anti-corruption matters. These disclosures are required to understand business performance, operating results, the company's position and the impact that the company's activities have on these non-financial matters.

The Board of Directors of Swisscom Ltd approved this report on 12 February 2025. The report is subject to approval by the shareholders of Swisscom Ltd at its Annual General Meeting to be held on 26 March 2025. It is published electronically on the Swisscom website.

See **www.swisscom.ch/report2024**

The report on non-financial matters covers all controlled domestic and foreign companies, with the exception of Vodafone Italia, which was acquired on 31 December 2024. The reporting (excluding Vodafone Italia) includes the same fully consolidated companies as the consolidated financial statements in accordance with the IFRS Accounting Standards. The list of Group companies is shown in Note 5.5 of the notes to the consolidated financial statements.

See report **pages 199–200**

In addition to the report on non-financial matters, Swisscom's sustainability reporting also includes a Sustainability Impact Report on Swisscom's business activities in Switzerland. The Italian subsidiary Fastweb also prepares and publishes a sustainability report. Both sustainability reports have been prepared in accordance with the international GRI (Global Reporting Initiative) framework. The requirements set out by the Sustainability Accounting Standards Board (SASB) have also been applied to reporting in Switzerland. The two sustainability reports are verified by independent auditing companies.

See **www.swisscom.ch/sir2024**
See **www.fastweb.it/corporate**

Reporting on climate issues

The Swiss Ordinance on Climate Disclosures (*Verordnung über die Berichterstattung über Klimabelange*) entered into force on 1 January 2024. It stipulates the implementation of the internationally recognised recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) by major Swiss companies. The reporting covers the impact of climate change on the corporate sector and the impact of companies' activities on climate change.

See report **pages 64–75**

Reporting on compliance with due diligence requirements regarding conflict minerals and child labour

In accordance with Article 964j of the Swiss Code of Obligations, companies have to report on compliance with due diligence requirements regarding conflict minerals and child labour. The due diligence and reporting obligations that companies are required to comply with are laid out in the Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour (DDTrO). Swisscom does not import or process any conflict minerals or metals defined by law or in the Ordinance, and is therefore exempt from the reporting obligations regarding minerals and metals. Reporting on compliance with due diligence requirements regarding child labour can be found in the 'Fair supply chain' chapter.

See report **pages 84–87**

Sustainability reporting according to European Sustainability Reporting Standards (ESRS) from 2025

Starting from the 2025 financial year, Swisscom intends to prepare consolidated sustainability reporting in accordance with the European Sustainability Reporting Standards (ESRS) and integrate this into the annual report. The disclosures on non-financial matters (including those on climate-related matters) that are required by Article 964b of the Swiss Code of Obligations will be incorporated into the consolidated sustainability reporting. Compliance with the ESRS is to be confirmed by an auditing company.

Sustainability strategy

Swisscom has formulated its sustainability strategy for the period up to 2025, which is entitled 'Responsibility means moving forward – now, not someday'. It wants to play a leading role as a sustainable company and decisively address the challenges, however large and complex they may be. In addition to the expectations of stakeholders and Swiss legislation, the United Nations Agenda 2030 with its 17 Sustainable Development Goals (SDGs) defines the framework of the Swisscom Sustainability Strategy. In the year under review, Swisscom started revising its sustainability strategy with the aim of achieving these goals by 2030.

Governance

Swisscom relies on governance that is based on the specifications of the Telecommunications Enterprises Act (TEA) and on its own ESG (Environmental, Social and Governance) strategy.

Corporate responsibility governance

Strategic goals of the Federal Council

Based on the Telecommunications Enterprise Act (TEA), the Federal Council defines the goals that the Confederation, as majority shareholder of Swisscom, aims to achieve in the next four years. During the current target period, which runs until 2025, the Confederation expects Swisscom to pursue a corporate strategy that is, to the extent economically possible, committed to sustainable and ethical principles. In this context, the reduction of greenhouse gas emissions is of particular importance. In addition, the strategy should take into account the concerns of the different parts of the country, where operationally appropriate.

See **www.swisscom.ch/ziele_2022-2025**

Incorporation in the Group strategy

The Articles of Incorporation set out the principle that Swisscom Ltd aims for sustainable value creation in its activities. As a result, the Board of Directors is committed to pursuing a Group strategy geared towards sustainability.

See **www.swisscom.ch/basicprinciples**

Organisation and responsibility

Board of Directors of Swisscom Ltd

The Board of Directors of Swisscom Ltd approves the ESG strategy (environmental, social and governance strategy) in accordance with the Organisational Rules and defines the material non-financial matters for the Group (which includes defining the performance indicators). It monitors the implementation of the measures and the risks. It is also responsible for the supply chain policy. The Board of Directors has delegated some reporting and monitoring duties to the Audit & ESG Reporting Committee. This committee formulates positions on business matters that lie within the decision-making power of the Board of Directors and has the final say on those business matters for which it has the decision-making power. In particular, it decides which ESG reporting regulations are applicable to the Group and approves the separate Sustainability Impact Report. Meetings of the committee are convened by the Chairman or at the request of one of the members as often as business requires, but at least once a quarter and in December.

Each December, the Board of Directors determines the strategic priorities for implementing the Group target and the key performance indicators (KPIs) of Swisscom Switzerland. Fastweb's targets are determined by the Fastweb Board of Directors, and the Swisscom Board of Directors takes note of the KPIs concerning CO_2 emissions. The Board of Directors and the Audit & ESG Reporting Committee are informed about the status of the most important KPIs related to the key topics of the sustainability strategy four times a year as part of management reporting. In June and December, the Audit & ESG Reporting Committee or the Board of Directors also monitors the status of Swisscom Switzerland's implementation of the key topics and KPIs for the current year.

Details on the other activities and responsibilities of the Board of Directors and the Audit & ESG Reporting Committee relating to ESG matters are provided in the Organisational Rules and in Annex 1.2, the rules of procedure of the Audit & ESG Reporting Committee.

See **www.swisscom.ch/basicprinciples**

CEO of Swisscom Ltd

The Board of Directors of Swisscom Ltd has delegated responsibility for implementing the Group strategy to the CEO. The CEO is responsible for the half-yearly reports to the Board of Directors and can delegate tasks and competences to subordinate bodies. He also defines the targets and measures for implementing the sustainability strategy, and is supported in this task by the members of the Group Executive Board, primarily by the Head of Group Communications & Responsibility. If necessary, a working group consisting of members of the Group Executive Board is convened for specific ESG issues. In the ethics working group, the CEO – together with the Head of Group Communications & Responsibility, as the individual responsible for ethics, and the Head of Group Human Resources – deals with corporate ethics issues as required.

Group Executive Board

Swisscom's Group Executive Board has defined the main goals for the company and sub-goals per division as part of the sustainability strategy. It also convenes at least twice a year to discuss the further development and implementation of the defined measures. Each November, the Group Executive Board adopts the roadmap and sub-goals (benchmarks) for the coming year. Members of the Group Executive Board are sponsors for the strategic action areas for their divisions. Together with their division management, they are responsible for implementing the sustainability strategy in the line units and for deciding on measures. This ensures that the action areas of the sustainability strategy are binding and embedded in the company.

Group Communications & Responsibility

The Group Communications & Responsibility (GCR) division coordinates the ESG measures on an operational level. It provides the relevant expertise to enable decisions to be made and supports the CEO, Group Executive Board, Board of Directors and subsidiaries in matters relating to sustainable development. These include, among other things, the development and implementation of the ESG strategy and coordination in the definition of material non-financial matters, including the goals, measures and involvement of interest groups. The GCR division is responsible for regular reporting to the Group Executive Board and the Board of Directors. Among other things, this includes implementation progress, planned activities and important developments regarding sustainability (including relevant climate risks and opportunities).

Business model

Swisscom is the market leader in the Swiss telecoms sector. It employs a total of around 19,900 full-time equivalent employees. In the reporting year, it generated revenue of CHF 11 billion and an operating income before depreciation and amortisation (EBITDA) of CHF 4.4 billion. Swisscom achieves over 75% of revenue through its business activities in Switzerland. Since the acquisition of Fastweb in 2007, Swisscom has had operations abroad, particularly in Italy. Swisscom also acquired Vodafone Italia at the end of 2024. The Fastweb + Vodafone Italia merger will create a leading convergent provider of broadband and mobile phone services for residential, business and wholesale customers in Italy. In Switzerland, Swisscom provides its customers with modern, convergent mobile communications and fixed telephone network infrastructure. For residential customers, Swisscom offers all products and services for mobile communications, internet, TV and fixed network telephony nationwide. On behalf of the Confederation, it also ensures basic service provision and provides all sections of the population across Switzerland with a basic range of telecommunications services. Swisscom offers its business customers a comprehensive range of IT services. Its portfolio comprises cloud, outsourcing, workplace and IoT solutions, as well as mobile phone solutions for mobile working and communication, network solutions, office networking, business process optimisation, SAP solutions, security and authentication solutions, data and AI consulting, and solutions tailored to the banking, insurance and healthcare industries. Further information on Swisscom's business activities can be found in the introduction.

See report **pages 1–11**

Identification of material non-financial matters

The report identifies material non-financial matters based on the principle of dual materiality, which considers two perspectives. According to the outside-in perspective, matters considered to be material are those that are necessary to arrive at an understanding of the company's business performance, operating results and position (financial materiality). In accordance with the inside-out perspective, the report presents the material impact of business activities on the environment and people (impact materiality). A large number of issues are considered material from both perspectives. The materiality analysis is carried out from a Group perspective. Fastweb's sustainability reporting for its business activities in Italy includes other non-financial matters identified as material that are not included in Swisscom's consolidated non-financial report.

When developing its sustainability strategy and sustainability reporting in accordance with the GRI framework, Swisscom conducts regular trend analyses, benchmarking comparisons and materiality analyses. It involves the relevant stakeholder groups in the process and engages in structured dialogue with them. Further information on the identification of material matters can be found in the sustainability reports of Swisscom in Switzerland and Fastweb.

See **www.swisscom.ch/sir2024**
See **www.fastweb.it/corporate**

The material topics for Swisscom and their allocation to the non-financial matters are as follows, divided into business activities in Switzerland and Italy:

Matter	Material topics	Switzerland	Italy
Environmental matters	Climate protection	x	x
	Energy efficiency	x	x
	Circular economy	x	
Employee matters	Labour market skills and training	x	
	Diversity and equal opportunities	x	x
Social matters	Data protection	x	x
	Data security	x	x
	Network access	x	
	Youth media protection and media skills	x	
Respect for human rights	Fair supply chain	x	x
Combating corruption and bribery	Ethical behaviour	x	x

Environmental matters

Climate protection

Concept applied (incl. due diligence)

Swisscom contributes to efforts to help limit the global temperature increase to 1.5°C and to achieve the Paris climate targets. It is aiming to achieve the net-zero target across the entire Group (including the Italian subsidiary Fastweb) by 2035 in accordance with the Science Based Targets initiative (SBTi).

To this end, Swisscom has established an ambitious climate strategy and a comprehensive raft of measures covering the entire value chain. Swisscom's climate strategy is based on the reports published by the Intergovernmental Panel on Climate Change (IPCC), which call for a tightening of the Paris climate target and recommend adherence to a maximum temperature increase of 1.5°C.

Swisscom's top priority is to reduce its own emissions. It pays attention not just to the quantity of energy consumed, but also to the way it is produced and the emissions it releases. Through the net-zero target in accordance with the SBTi Corporate Net-Zero Standard, Swisscom is committed to reducing its Scope 1, Scope 2 and Scope 3 emissions by 90% across the entire value chain compared to the base year of 2018. This includes the Italian subsidiary Fastweb. In addition to reducing its own CO_2 emissions, Swisscom makes an additional climate contribution by investing in climate protection projects for CO_2 avoidance and CO_2 removal outside of its value chain. Swisscom bases its due diligence of the greenhouse gas inventory in 2024 around the current GHG standards (Greenhouse Gas Protocol standards) and verifies this annually through an independent audit in accordance with ISO 14064 (Greenhouse gas validation and verification).

Key performance measures

	Start year	Target year	Target	2024
SBTi targets Swisscom Group				
Reduction of greenhouse gas emissions Scopes 1+2	2018	2030 [1]	–80%	–37%
Reduction of greenhouse gas emissions Scope 3	2018	2030 [1]	–60%	–20%
Reduction of greenhouse gas emissions Scopes 1–3	2018	2035 [1]	–90% [2]	–20%

1 Interim target 2030; final target 2035.

2 Residual emissions are offset through climate protection projects for CO_2 avoidance or removal.

	2024	2023	2024
Emissions scopes 1–3 in CO_2 eq. tonnes			
Scopes 1+2	13,694	14,149	–3.2%
Scope 3	505,541	515,790	–2.0%
Total scopes 1–3	**519,235**	**529,939**	**–2.0%**

According to the GHG Protocol (Greenhouse Gas Protocol), Scope 1 comprises direct emissions resulting from the consumption of fuel during operation, transportation and fugitive emissions (e.g. fuel for heating or vehicles). Scope 2 includes the indirect emissions that result from the use of purchased electricity, steam, heat or cooling (e.g. electrical energy consumption for operations). Scope 3 includes all other indirect emissions caused by a company's activities in its upstream and downstream value chain (e.g. emissions from the supply chain).

Implementation of concept/ assessment of effectiveness

Swisscom in Switzerland

Swisscom plans to reduce its Scope 1, Scope 2 and Scope 3 emissions by 25% between 2020 and 2025 and by 50% by 2030. This requires intensive and consistent reduction measures to be carried out. Swisscom is also taking measures to boost its energy efficiency (see 'Energy efficiency').

Scope 1

Energy consumption is the most important internal lever when it comes to reducing CO_2 emissions. Swisscom primarily requires electricity to operate its network infrastructure and, to a much lesser extent, requires fuel for operational mobility and to heat its buildings. The switch from fossil fuels to renewable energy sources is the main factor contributing to the reduction in Scope 1 emissions. Since 2016, Swisscom has been systematically switching from fossil fuel heating systems to heat pumps or using district heating and, where possible, heat recovery from its own operations to heat its buildings. It has also set itself the goal of electrifying its fleet by 2030. In doing so, it wants to reduce the direct emissions of its vehicle fleet by half between 2020 and 2025, and to zero by 2030. To this end, Swisscom ordered more than 1,200 electric vehicles at the start of 2024. The associated fuel savings led to a significant reduction in direct emissions. This allowed Swisscom to further reduce its Scope 1 emissions by 12% compared to the previous year.

Scope 2

By using certified electricity and district heating, Swisscom reduces its Scope 2 emissions from electricity and transfers them to the indirect emissions and thus the provision of electricity and district heating. Efficiency measures mentioned in the 'Energy efficiency' chapter reduce electrical energy consumption and help to minimise Scope 2 emissions. Swisscom also uses an electricity mix of 100% renewable energy sources, the majority of which comes from wind power. It has been purchasing renewable district heating since 2019 and looks into new connections to the local district heating network wherever possible. and is having photovoltaic plants installed on its properties. The electricity produced is consumed primarily by the company itself, with any surplus being channelled into the grid. Swisscom installed 18 new photovoltaic plants in the reporting year. The total solar power plant output increased to 5,233 kWp as a result. Swisscom is stepping up the expansion of photovoltaic plants at its locations between now and 2026.

Scope 3

More than 95% of Swisscom's emissions are attributable to indirect emissions in the value chain (market-based). The main measures aimed at reducing indirect emissions can be split into three main areas: the supply chain, the company's own products and employee mobility. Despite ongoing measures, Swisscom's Scope 3 emissions increased by 4.5% in the reporting year. This is due in part to an increase in emissions from key suppliers. It is also due to expenses having changed and Swisscom having increasingly purchased goods and services from suppliers with high emission intensities in the reporting year.

More than three quarters of Swisscom's indirect emissions arise in the upstream value chain and relate to purchased network infrastructure and IT, or to purchased merchandise and services. Swisscom is pursuing various approaches to reduce these emissions. It is a member of the JAC (Joint Alliance for CSR) – an association of telecoms providers that monitors and promotes compliance with environmental and social standards among IT suppliers. Swisscom also requires its key strategic suppliers to document their carbon footprint via the Carbon Disclosure Project (CDP). It is also seeking to significantly reduce CO_2 emissions through intensive cooperation with suppliers and subcontractors as part of joint carbon reduction programmes.

Swisscom sells its own products such as boxes for TV, WLAN and internet (routers). It applies targeted circular economy practices to these products (see chapter on the circular economy). It reduces material consumption during production and electrical energy consumption during use. Swisscom is also reducing the need for new devices by recycling its own products and using devices that are no longer in use as replacements. Finally, it is lowering demand for smartphones by offering second-hand options and through buyback and reselling solutions.

To keep emissions resulting from employee mobility as low as possible, Swisscom endeavours to minimise its employees' commute to work. It offers its employees the option of working from home and flexibility with regard to where they work. It also promotes the use of public transport and is reducing company parking spaces to decrease the incentive to use cars.

Climate contribution

Reducing its own emissions is a top priority for Swisscom. It nevertheless wants to take responsibility for its residual emissions now rather than waiting until the net-zero target year of 2035, and is currently taking concrete climate action and thus already contributing to global climate targets today.

Since 2020, Swisscom has used investments in climate protection to make a climate contribution outside its value chain in addition to reducing CO_2 emissions. This contribution has corresponded to the level of residual emissions from all its customers' products and subscriptions since 2022. To achieve this, it invests in carefully selected climate protection projects that meet high quality and integrity standards in accordance with the Gold Standard, the Verified Carbon Standard (VCS) and the Plan Vivo Standard. In collaboration with the external partners myclimate, South Pole and First Climate, Swisscom invested in a total of five climate protection projects in the reporting year.

Avoided emissions

According to numerous studies, the ICT industry has the greatest leverage when it comes to climate protection thanks to its range of smart services. In the reporting year, digitalswitzerland published the study 'Smart and Green – Digital Pathways to Net Zero' in cooperation with Accenture. The study shows that intelligent solutions for mobility, buildings, agriculture, industry and energy systems in Switzerland can be used to achieve up to 20% of the greenhouse gas reductions required by 2030. Swisscom promotes such decarbonisation solutions in its standard portfolio with offerings for Work Smart, the Internet of Things (IoT), the cloud and the circular economy, as well as solutions for paperless working. It also develops solutions for the business customers segment that help companies to successfully and transparently reduce their carbon footprint and implement their reduction path to net zero. Swisscom's data-driven sustainability offering has already helped around twenty companies to select and implement suitable decarbonisation solutions. Together with its customers, Swisscom is aiming to save over one million tonnes of CO_2 per year by 2025 through such solutions, and once again exceeded its targets in 2024 as this figure stood at 1.2 million tonnes.

See **www.swisscom.ch/sir2024**

Swisscom in Italy

Fastweb has also committed itself to the Group-wide net-zero target by 2035 in accordance with the Science Based Targets initiative (SBTi) and has taken efficient measures to achieve this. These include reducing direct and indirect emissions, improving the energy efficiency of network infrastructure and offsetting all remaining emissions. In addition, Fastweb is changing the composition of its vehicle fleet, replacing gas-driven heating systems and reducing detrimental effects on the respective locations when installing optical fibre lines. With the support of consulting company AzzeroCO_2, Fastweb is offsetting residual emissions by purchasing CO_2 certificates from environmental projects around the world.

Fastweb already achieved climate neutrality in 2022 with regard to direct emissions (Scope 1) and indirect emissions (Scope 2), as well as upstream and downstream emissions (Scope 3). In September 2022, it began offsetting emissions accrued by its customers through the use of its services.

Direct emissions (Scope 1) at Fastweb amount to 1% of total emissions. Fastweb is endeavouring to achieve the targets for reducing Scope 1 emissions. To this end, it is replacing gas-powered heating systems and switching 75% of its vehicle fleet to hybrid/electric vehicles and 25% to diesel vehicles by 2025. By 2030, it aims to use 70% pure electric vehicles and 30% hybrid vehicles. The Scope 2 emissions recorded have amounted to zero since 2021, since 100% of energy purchased directly comes from renewable sources. Finally, using specific measures, Fastweb reduced its indirect emissions (Scope 3), which account for 99% of total emissions, by 12% from 210 to 187 thousand tonnes of CO_2eq compared to the previous year.

Risks

The following risks related to environmental issues could arise.

- **Supply chains:** Supply chains are not only the largest source of emissions, but also one of the most complex. Volatile CO_2 reporting from key suppliers or changes in procurement can have a negative impact on the indicators.
- **Climate change:** Ongoing climate change is accelerating the intensity and frequency of extreme weather events such as rising average temperatures and prolonged heatwaves. This can lead to natural disasters that could damage Swisscom's network infrastructure.

Energy efficiency

Concept applied (incl. due diligence)

As a major consumer of energy, Swisscom has been working to increase its energy efficiency for years now. The company maintains considerable network and IT infrastructure in Switzerland and Italy. Swisscom is taking extensive measures throughout its operations to increase energy efficiency. To this end, Swisscom implements comprehensive energy management systems in both countries as part of its due diligence process.

Swisscom in Switzerland

Swisscom operates one of the largest fleets of company and commercial vehicles in Switzerland. Added to this are office and operations buildings, shops and data centres. In order to boost its own energy efficiency, Swisscom has introduced an energy management system based on the ISO-50001 standard. This system serves as a key instrument for ensuring the transition to becoming a CO_2-free company and achieving the net-zero target.

Swisscom in Italy

Energy accounts for a significant proportion of telecoms companies' operating expenditure and has an impact on their carbon footprint. Procuring 100% renewable energy and increasing the energy efficiency of the network and IT infrastructure are top priorities for Fastweb. A special energy management team decides which measures need to be taken to improve and increase this. Since 2015, the team has implemented measures both in the data centres and at key operating sites. These include continuous monitoring of energy efficiency, structural measures, the generation of renewable energy on site, operational optimisation and the decommissioning of obsolete network elements.

Key performance measures

Energy targets of Swisscom in Switzerland

Reference	Targets and target agreements	Start year	Target year	Target	2024
Energy efficiency through savings measures over total energy consumption [1]					
Swisscom	Not weighted	2020	2025	+20%	+16%
Swisscom	Not weighted	2020	2030	+43%	+16%
EnAW [2]	Weighted	2013	2024	+36% [3]	+66%

1 The reference value and calculation of efficiency is based on guidelines from the Swiss Federal Office of Energy (SFOE), namely the 'Target agreement with the federal government to boost energy efficiency' dated 5 May 2022.

2 Energie-Agentur der Wirtschaft (EnAW); target path of 3% per year.

3 Values from previous year.

Energy targets of Swisscom in Italy

	Target annual savings in KWh	Effective annual savings in KWh	In % target
Measures energy savings			
Production of renewable energy	–	193,880	–
Operational and building optimisation	–	26,649	–
Decommissioning and optimisation of network and IT infrastructure	–	2,721,098	–
Total energy savings	**1,500,000**	**2,941,627**	**196%**

Implementation of concept/ assessment of effectiveness

Swisscom in Switzerland

In the reporting year, Swisscom's total energy consumption in its Swiss business remained almost constant. Nevertheless, it increased energy efficiency by taking the measures outlined below. The electrification of heating systems and vehicles is not included in this context. While this plays a part in boosting efficiency, it primarily serves to reduce CO_2 emissions. As a result, it is described in the chapter on climate protection.

Electricity

Optimising technology and replacing outdated network components and platforms allowed Swisscom to make further progress in the efficiency of its telecoms networks and IT platforms and improve network service in the reporting year. The fixed and mobile networks consume the most electricity in Swisscom's operations. These two networks account for around two thirds of total electrical energy consumption. Despite reduction measures, Swisscom's electrical energy consumption increased slightly in the reporting year due to the constant expansion of its network infrastructure. The measures taken resulted in savings of around 15.5 GWh of electricity in 2024.

Fuels

Swisscom laid the foundation for the electrification of its vehicle fleet in the reporting year by ordering over 1,200 electric vehicles. All Swisscom passenger vehicles will be electric by the first quarter of 2025. Thanks to the ongoing switch to electric vehicles and the further optimisation of field and customer services, fuel consumption was significantly reduced in the reporting year.

Heating fuel

In the year under review, Swisscom upgraded several heating systems in its operation buildings and installed modern heat pumps. Energy consumption was reduced significantly by replacing outdated heating systems such as oil or gas systems. This enabled Swisscom to further reduce its energy consumption from heating in the reporting year.

Swisscom in Italy

Fastweb's energy consumption is made up of electricity (96%) and, to a lesser extent, natural gas, petrol and diesel (4%). In 2024, Fastweb maintained its commitment to procure energy from renewable sources. The electricity purchased by Fastweb comes from 100% renewable sources.

In recent years, Fastweb has concluded numerous longer-term contracts for renewable energy. In 2022, it signed a purchase agreement for the supply of electricity from renewable energy sources. The twelve-year contract has contributed to the construction of a new photovoltaic plant in the Lazio region, which will cover a portion of Fastweb's energy requirements with renewable energies. The plant generates 19 GWh of electricity each year, which is used exclusively by Fastweb. In 2023, Fastweb signed two further ten-year energy purchase agreements, one of which finances a photovoltaic plant through the annual purchase of around 21 GWh in Piedmont, while the other guarantees the purchase of 30 GWh per year from a wind farm in Puglia. These three agreements cover around 50% of Fastweb's annual energy consumption. They are part of the decarbonisation path that Fastweb has been on since 2015, whereby it purchases 100% renewable energy with certification of origin.

The photovoltaic plants installed at Fastweb's locations since 2016 have produced a total of 378,000 KWh in 2024 for Fastweb's own consumption. This is double the amount produced in the previous year.

Risks

The implementation of energy efficiency measures gives rise to the following risks:

- **Measurability and monitoring:** The measurement and monitoring of energy efficiency is complex and requires suitable systems and technology.
- **Legal and regulatory risks:** Changes in environmental or energy regulations can have an impact on the profitability of energy efficiency measures.

Circular economy

Concept applied (incl. due diligence)

The resources used by Swisscom and its suppliers are finite and in some cases scarce. The following applies: the longer a resource is used, the more ecological it is. Where possible, Swisscom intends to reduce or stabilise consumption of resources in its operations. Its aim is to move gradually towards a circular economy that spans the entire value chain. The selection and use of materials play a central role in procurement and operation, as well as in their use by customers.

Swisscom is not only a network operator, but also a retailer and supplier of merchandise (e.g. mobile phones) and self-developed devices (e.g. Internet- and TV-Boxes). In this capacity, it plays a relevant role in the circular economy on the Swiss market. Recycling programmes for electronic terminal equipment support the implementation of its sustainability strategy. Swisscom is continuously developing its operational environmental compatibility and sustainable use of resources in accordance with ISO 14001 (Environmental management systems). Swisscom performs due diligence in accordance with the ISO 14001 and ISO 14064 standards (Greenhouse gas validation and verification).

Key performance measures

KPI	2024	Target 2025
Number of devices collected	215,000	250,000

Implementation of concept/ assessment of effectiveness

A second life for smartphones

When it comes to smartphones, Swisscom, in its capacity as a retailer, can have a direct impact on the circular economy by extending the useful life of these devices and by taking back and disposing of old devices. Its efforts within this context focus on its buyback, repair and second-hand offers. By 2025, it aims to process a quarter of a million devices a year through its own programmes and to continuously increase the return rate from its customers. As part of the Swisscom Mobile Aid programme, Swisscom donates the proceeds from the resale and recycling of donated mobile phones to the SOS Children's Villages organisation. It also offers the Buyback programme and repair options for smartphones, with the work being carried out by an external partner. Swisscom also sells 'refreshed smartphones', allowing it to extend the service life of existing devices.

Sustainable Swisscom products

Swisscom has enhanced potential to exert influence and faces corresponding challenges when it comes to designing its proprietary products, such as Internet- and TV-Boxes, to suit the circular economy. Together with its suppliers, it has set itself the goal of improving the material consumption, energy consumption and durability of the devices with each new product generation and of reducing their environmental impact. In the reporting year, Swisscom increased the transparency of all of its proprietary products on the market by preparing and publishing comparable information on the carbon footprint for all devices – even older product generations still on the market.

Dismantling of network infrastructure

Swisscom not only creates new networks, but also takes down outdated networks. When dismantling networks, it looks into the options available for selling recoverable, fully functional components to other network operators as spare parts. What can neither be reused nor sold is recycled. In 2024, Swisscom recovered a total of 1,159 tonnes of recyclable materials.

Risks

Having customers return devices they are no longer using is fundamental to a functioning circular economy, and ensuring that customers do their bit here is a challenge. To increase customer participation, Swisscom is focusing on direct customer communication throughout the year and on raising public awareness.

See www.swisscom.ch/rethink

Climate risks and opportunities (Task Force on Climate-related Financial Disclosures TCFD)

Swisscom recognises the increasing global impact of climate change on the respective national economies and on the ICT industry in particular. It is aware that climate change affects its infrastructure, products, services and business activities. Swisscom therefore strives to continuously improve its own resilience. To this end, it systematically identifies, records and manages climate-related risks and opportunities. The following climate risk analysis is based on the TCFD recommendations, scientific data available from the International Panel on Climate Change (IPCC) and climate projections from the Swiss Federal Office for Meteorology and Climatology (MeteoSwiss). The analysis takes into account the critical infrastructures and business processes of Swisscom in Switzerland and Fastweb in Italy, including all relevant subsidiaries. The experts responsible for the critical elements have assessed the potential impacts on the basis of their expertise and the scientific information available.

Theme	Description	Source
Physical risks	Risks due to damage caused by heat, fire, storm, water, extreme weather conditions, avalanches, rockfall and mud	IPCC, CH2018 Climate Scenarios
Transition risks	Legal risks, technological risks, market risks, reputational risks	International Energy Agency (IEA), Network for Greening the Financial System (NGFS), Energy data from Swiss producers/traders
Scenario 1	Far-reaching climate protection measures against global warming: Global warming of 1.5–2 °C	RCP2.6, IPCC SSP 1
Scenario 2	Reduction path according to the current climate protection promises: global warming of 2.5–3.3 °C.	RCP 4.5-6, IPCC SSP2-3
Scenario 3	Reduction path taking into account the climate protection measures currently implemented: global warming of 5.1 °C	RCP 8.5, IPCC SSP5

Climate-related physical risks

Physical climate risks and increasing natural hazards affect Swisscom primarily in relation to its own network and antenna infrastructure and to its data centres and operation buildings. In order to classify the risks disclosed in its climate reporting, Swisscom has used the Group-wide risk acceptance level and made a comparison with other overarching corporate risks. The qualitative risk classification of Fastweb's infrastructure corresponds to the classification of the corresponding Swisscom infrastructure groups. Although Swisscom considers the physical risks to be low due to the measures already taken, it anticipates rising maintenance costs for its own network infrastructure. It wants to largely replace the copper access network – which is already exposed to climate risks – with optical fibre by 2050 to reduce its annual repair costs. Due to rising global temperatures, Swisscom also expects higher costs for cooling its data centres. It conducts frequent geological surveys and cyclical inspections in order to prevent climate risks to its infrastructure and identify them at an early stage.

Switzerland Scenario	1 year	3 years	2035	2050	2085	Italy (qualitative assessment)
Network and Antenna infrastructure						
1	Very low	Very low	Low	Very low	Low	The increasing risk of (forest) fires increases the costs for fireproof cable ducts, network redundancy and reliability. The fibre optic network would hardly be affected by flooding. However, the copper network, which makes up a small part of the network, could be damaged. If operations are interrupted, there is a risk of contractual penalties, customer losses and reputational damage.
2	Very low	Very low	Low	Low	Low	
3	Very low	Very low	Low	Low	Low	
Data and operations centres						
1	Very low	Very low	Very low	Very low	Very low	Power outages result in costs for diesel or mobile generators to maintain the supply. Increasing global warming and extreme climate events can increase the costs of operating and replacing affected facilities. This increases the need for more efficient cooling systems, which in turn leads to higher energy costs.
2	Very low	Very low	Very low	Very low	Very low	
3	Very low	Very low	Very low	Very low	Low	
Offices, operating, transmission and production buildings						
1	Low	Low	Low	Low	Low	If a facility were to be affected by an extreme (hydrological) climate event, replacement costs would be expected to rise. In addition, any interruption to operations would lead to a loss of revenue. Fastweb has therefore already taken structural measures and concluded insurance solutions. For example, it has set up a reserve system to ensure business continuity in the event of power outages.
2	Low	Low	Low	Low	Low	
3	Low	Low	Low	Low	Low	
Total						
1	Low	Low	Medium	Low	Medium	
2	Low	Low	Medium	Medium	Medium	
3	Low	Low	Medium	Medium	Medium	

Very low < CHF 10 million
Low CHF 10–30 million
Medium CHF 30–60 million
High CHF 60–90 million
Very high > CHF 90 million

Climate-related transition risks

Swisscom has set itself ambitious climate objectives with its 2035 net-zero target and comprehensive action plans. These goals are already contributing to low-carbon operations. They also reduce the transition risks that could arise in all areas and at different points in time. Swisscom therefore assumes that the financially quantifiable transition risks are generally low. However, rising energy prices dependent on political developments and the taxation of carbon dioxide could pose a medium risk in the long term. Despite the considerable challenges, Swisscom is striving to exploit the opportunities that are arising from the transition to a green economy.

Regulations and legal risks	Potential impacts	Mitigation strategy
Regulations in the EU (B | Group) The rising number of ESG regulations and standards within the EU will continue to impact the Swisscom Group's business activities and have an impact at a subnational level. Developments at EU level that directly impact Swisscom currently include increased reporting requirements (CSRD, EU Taxonomy, CSDDD), the consequences of the Green Deal for business activities on the European market and strategically important suppliers' compliance with environmental regulations. **Regulations in the Switzerland** (B | SC) The material developments include the counter proposal to the corporate responsibility initiative, the Climate and Innovation Act, the CO_2 Act, the Federal Act on a Secure Electricity Supply from Renewable Energy Sources and other reporting requirements, such as the NFRD and TCFD. **Medium term** ○●○	**Medium term** ○●○ The increasing reporting requirements and the associated regulatory operating and capital expenditures place high demands on Swisscom. Swisscom could suffer competitive disadvantages in this context due to differences between European and Swiss law.	In order to react quickly and effectively, Swisscom constantly monitors regulatory developments. It sets itself high sustainability targets in order to prevent regulatory risks. Swisscom has also included ESG risk parameters in its supplier assessment system. Finally, it encourages the exchange of experiences and knowledge building within the sector in order to develop scalable solutions at an early stage in the event of new supply chain regulations.
Regulations in Italy (B | FW) Fastweb, as a benefit corporation, could face sanctions from the national competition authority if it does not meet agreed key performance indicators. This could lead to reputational damage. **Medium term** ○●○	Fastweb could be sanctioned due to misleading advertising or even violations of the Consumer Protection Act and could be forced to pay fines.	Fastweb has set up an Impact Committee, which continuously monitors the relevant key performance indicators and reports quarterly to the Executive Board and every six months to the Board of Directors.
CO_2 regulations and taxation (B | SC) Swisscom generally expects carbon prices to rise continuously. In the long term, technological breakthroughs and international cooperation could lead to carbon pricing stabilising or even falling. Such a scenario will strongly depend on determination at the political level and advances in green technologies. **Long term** ○○●	Given technological innovations, energy self-sufficiency solutions and efficiency improvement measures, the annual added costs for Swisscom are likely to be in the low to mid range. Higher hardware prices could push costs up significantly, as the production and transportation of hardware is strongly dependent on fossil fuels and energy-intensive processes.	In order to minimise the financial risks associated with rising carbon prices, Swisscom relies on a mix of various measures: switching to renewable energies, improving energy efficiency, using sustainable hardware and optimising logistics in the supply chain.

●○○ Short term: 1 year ○●○ Medium term: 3 years ○○● Long term: by 2035
Own business (B), value chain (VC), Swisscom (SC), Fastweb (FW)

Market and energy risks	Potential impacts	Mitigation strategy
Product carbon footprint (B | SC) Business customers are demanding increasingly detailed information on product carbon footprints, which is increasing the precision of the current measurements. **Medium term** ○●○	As other suppliers face similar challenges, Swisscom currently considers the risks of reputational damage and customer losses to be rather low. However, the risks will tend to rise in the future.	Swisscom aims to improve the quality, availability and administration of its emissions data and to expand its pioneering role in this area.
Availability and prices of scarce resources (VC | SC) Scarcity of the resources that are needed for the production of consumer devices and networks could in future lead to a situation where products for Swisscom's core business are not always reliably available. **Long term** ○○●	Supply bottlenecks in the upstream supply chain could increase procurement costs and restrict product availability.	Swisscom invests in diversifying its supplier portfolio, continuously improves its strategies for supplier risks and product groups and keeps track of sector and market trends in handling risk cases.
Net-zero target (B | Group) More than 90% of Swisscom's emissions fall under Scope 3, with dependence on the market and third-party providers making achieving net-zero and CO_2 targets particularly challenging. In addition, corporate acquisitions such as the acquisition of Vodafone Italia make the targets harder to achieve. **Long term** ○○●	If the net-zero target is not achieved in 2035, risks such as damage to reputation and sanctions could arise.	Swisscom drives decarbonisation in its own operations, takes account of CO_2 aspects in its M&A activities, involves strategically important suppliers in its CO_2 targets and participates in sector initiatives such as JAC and CDP. www.swisscom.ch/sir2024 www.fastweb.it/corporate
Energy prices (B | Group) A high market price for non-renewable energies could increase the incentive for investments in renewable energy sources such as solar power, wind power and hydroelectricity, and in turn accelerate energy reform. Conversely, a low price could inhibit the expansion of renewable energy sources such as solar and wind power unless technological breakthroughs are achieved. **Long term** ○○●	As current market data shows, Swisscom would incur low to medium added costs each year until 2035 if it switched entirely to renewable energies.	In order to reduce dependence on market prices and increased stability, Swisscom invests in photovoltaic installations and wind farms. It also uses battery storage systems, which increase reliability and flexibility. Fastweb invests in PV installations and has ensured long-term fixed energy prices through off-site energy purchase agreements.

Technology risks

Artificial intelligence and rising energy consumption (B | SC) The increased use of digital technologies such as artificial intelligence (AI) increases energy consumption and therefore emissions. **Long term** ○○●	Energy costs could increase if new technologies are used intensively.	Swisscom continuously monitors emissions and energy consumption and takes such considerations into account when assessing new technologies.

●○○ Short term: 1 year ○●○ Medium term: 3 years ○○● Long term: by 2035
Own business (B), value chain (VC), Swisscom (SC), Fastweb (FW)

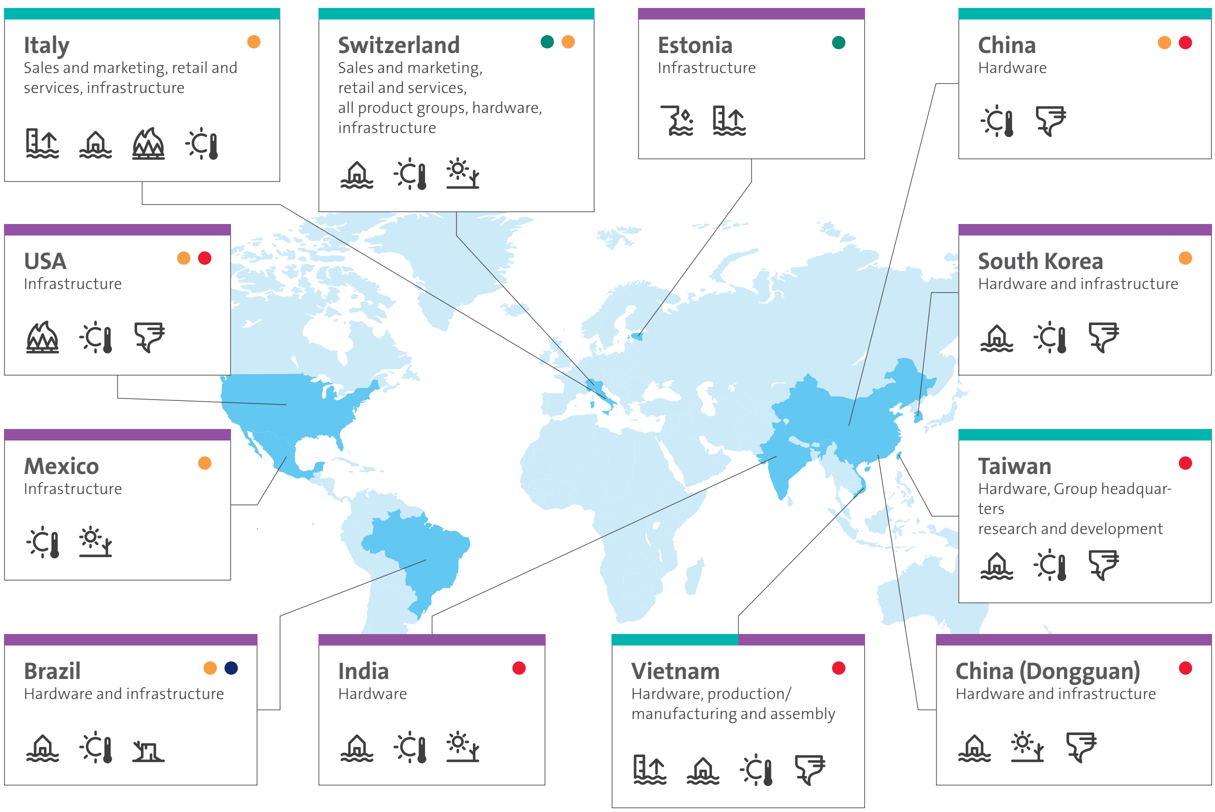
Opportunities	Potential impacts	Strategic implementation
Impact investments (B | SC) Swisscom Ventures invests in the development of new products and services that have a positive impact on society and the environment and thus make a significant contribution to Swisscom's innovation strategy. **Medium to long term** ○●●	The impact ventures not only make a contribution to the ESG topics but also create financial advantages for Swisscom (exit gains) and strengthen its reputation.	Swisscom continues to invest in impact start-ups through the Ventures initiative and the Digital Transformation Fund. www.swisscom.ch/sir2024
Circular economy (B | Group) The principles of the circular economy and the reduction of waste not only contribute to improving Swisscom's image, they also increase revenue and reduce procurement costs, for example through Swisscom products being refurbished or used as replacement devices. **Short to medium term** ●●○	Although the revenue-related advantages cannot be broken down individually, Swisscom Switzerland saves around CHF 4.5 million per year on its own products thanks to second-life programmes. If the circular economy continues to grow, the savings achieved will be even higher in the future.	Continuous improvement of strategies for the circular economy and of the second-life programme. www.swisscom.ch/sir2024 www.fastweb.it/corporate
Network dismantling (B | SC) Swisscom is systematically driving optical fibre expansion and at the same time gradually decommissioning its copper access network. The sale of scarce materials such as copper enabled by dismantling old infrastructure opens up new financial earnings potential. **Short to long term** ●●●	Swisscom currently generates income of CHF 4–5 million per year through reselling. The extent to which further financial returns will be generated in the future depends largely on the trend in prices for scarce materials.	Swisscom plans to increase fibre-optic coverage to 57% by the end of 2025, and to 75–80% by the end of 2030. Copper is sold in parallel with the rolling out of the fibre-optic network.
Green bonds (B | SC) Thanks to the International Capital Market Association's Green Bond Framework, Swisscom is able to issue green bonds or similar financial instruments for financing ESG projects. **Short to long term** ●●●	Green bonds are expanding Swisscom's investor base, which makes the funding costs more attractive.	This results from the Green Bond Impact Report. www.swisscom.ch/investor

●○○ Short term: 1 year ○●○ Medium term: 3 years ○○● Long term: by 2035
Own business (B), value chain (VC), Swisscom (SC), Fastweb (FW)

Physical risks in the supply chain

Swisscom is faced with climate-related risks associated with the production processes of suppliers in third countries and with logistics in Switzerland and Italy, Swisscom's main markets. Physical climate risks can increase transport or production costs, delay customer deliveries or major projects such as network expansions, or lead to higher capital expenditure in redundant measures (e.g. alternative suppliers or additional inventory levels). Delays and disruptions in the supply chain can affect the cost of customer service, lead to loss of market share or damage Swisscom's reputation as a reliable provider.

In 2024, Swisscom's total procurement expenditure amounted to around CHF 6.5 billion. A significant portion of this was used for the operation and expansion of its network infrastructure. In addition, mobile phones, routers and TV-Boxes accounted for around 35% of total expenditure. The following chart categorises the critical supply chain into the most important geographical areas of origin and indicates the corresponding material risks according to IPCC data.



- **Low to moderate** > Low immediate climate risks, increasing in the long term primarily if temperatures exceed 2°C.
- **Moderate to high** > Some immediate climate risks that are highly likely to increase if temperatures reach or exceed 2°C.
- **High to severe** > Particularly susceptible to immediate climate risks that are likely to worsen significantly as global warming advances.

- **Swisscom products:** Swisscom-branded products (e.g. devices for home use and telecommunications equipment) that are sold to end users.
- **Products from suppliers:** Finished components that are purchased from third-party suppliers and are a material part of Swisscom's business activities.

Coastal erosion
Sea-level rises
Flooding
Forest fires
Heatwaves
Period of drought
Deforestation
Tropical storms

Swisscom pursues a risk-based approach. In doing so, it focuses on procurement clusters that require physical supply chains and high expenditure, and therefore have the greatest financial impact. Although Swisscom and Fastweb have different supply chain clusters and corresponding expenditure, critical components for the ICT industry generally come from identical geographic origins. Swisscom and Fastweb are therefore exposed to similar industry risks.

Supply chain cluster	Expenditure
Hardware (HW): Mobile devices and Swisscom-branded devices, hardware for networks, work environments and data centres	38%
Infrastructure (IF): Network construction, maintenance components, energy procurement	15%
Software [1]	9%
Services & General Goods [1]	38%

1 Out of scope of reporting 2024.

Swisscom invested in energy efficiency measures and renewable technologies again in the reporting year, to help reduce risks in its own operations. Its purchasing managers additionally work with key suppliers to ensure the latter have taken the necessary measures to maintain their business operations and that they take into account the risks that could arise in upstream areas (e.g. in the procurement of raw materials or through the practices of subcontractors). By monitoring and visualising critical supply chains through supply chain risk management (SCRM 360°), Swisscom is working to improve risk predictions, which will enable timely and effective corrective action to be taken. As an active member of the JAC Alliance, it works with other companies from the telecommunications industry to develop solutions that increase transparency in the ICT supply chain.

Risk management

While the experts responsible for the critical elements at Swisscom are responsible for managing low and medium risks in their division, overarching high risks are reported to Enterprise Risk Management. Fastweb frequently reports to Swisscom and includes material climate risks in the quarterly and annual risk reports to the Internal Control Committee and the Board of Directors. At Group level, risks can be proactively included in the annual budget planning as part of the quarterly risk reports to the Board of Directors. The corporate responsibility teams are responsible for integrating climate considerations into the ESG strategy process. Swisscom has a business continuity management system and a resilience management system in place to prevent the occurrence of risks and minimise their corresponding impact.

Challenges and future prospects

At Group level, Swisscom strives to continuously improve data-driven assessment of its infrastructure's exposure to risk. It also aims to examine ways of recording the scope of risks and opportunities through sales figures. Collecting reliable information within the supply chain remains a challenging task, since a lack of transparency in the lower levels of the supply chain, different methods of data collection and less stringent reporting standards can lead to inconsistent data and blind spots. The adoption of European reporting standards planned for 2025, namely the Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS), is intended to improve the integration of financial climate considerations into existing business processes.

Employee matters

Labour market skills and training

Concept applied (incl. due diligence)

To take advantage of the opportunities presented by the digital transformation and to master its challenges, it is essential that employees continuously expand their skills. With 'Level Up', Swisscom is shaping the transformation process, promoting the digital skills of its employees and fostering its culture of collaboration. Swisscom is developing a skills management system that covers skills that will be relevant in the future. The system includes continuous professional development, the adaptation of training programmes to reflect the needs of the labour market and the promotion of lifelong learning. Due diligence takes place via the skills management system.

Key performance measures

KPI	2024	Target 2025
Number of training days per employee	3.9	4.5

Implementation of concept/ assessment of effectiveness

Career starters

Swisscom trains apprentices in seven vocational disciplines using a progressive, skills-based training model. The apprentices arrange their apprenticeship as part of a modular system where they can apply for different practical placements within the company using an online marketplace. This enables them to quickly learn to take on responsibility. In the year under review, 97 IT apprentices commenced their apprenticeship at Swisscom, setting a new record. In this way, Swisscom is contributing to the training of IT specialists. It also enables young professionals to enter the world of work through its trainee programme and internships.

Training and education

Employees can take advantage of the five training and development days set out in the collective employment agreement (CEA) by choosing from a wide range of in-house training courses, on-the-job development opportunities and external training courses. The internal digital learning platform SKILLup offers time- and location-independent study and gives employees access to programmes based on their skills and interests. Swisscom aims to have an inspiring learning culture where employees have plenty of freedom and assume personal responsibility for their professional training. It continued the internal leadership training programme that was launched last year as mandatory, and committed all managers to completing the training by the end of the reporting year.

Talent development

Attracting, developing and retaining talent is one of Swisscom's key concerns in a highly competitive labour market. Participants of the Talent Development Journey are identified using clear criteria such as motivation and potential every year. They can choose from a range of further development modules tailored to suit their own situation and take advantage of coaching sessions if needed. As part of the Internals First initiative, Swisscom offers development prospects to internal talent. It wants to fill at least 75% of vacancies for management positions internally by 2026.

Risks

Measures to boost employability and provide further training to employees are associated with the following risks:

- **Lack of relevance:** If the further training programmes are not tailored to suit the needs of the labour market or the company, participants who complete them may find it difficult to gain a foothold in their occupational field.
- **Overqualification:** Intensive further training can result in employees being overqualified for their current position, which could affect their job satisfaction.
- **Technological change:** Rapid technological change can lead to certain skills becoming obsolete before training is completed.

Diversity and equal opportunities

Concept applied (incl. due diligence)

Swisscom in Switzerland
Swisscom represents a culture that values differences and has no room for discrimination and marginalisation. It promotes diversity with regard to gender, age, origin, language, sexual orientation and the inclusion of employees with a physical or intellectual disability, or a refugee background. Diversity drives innovation and makes Swisscom successful as a company, which is why Swisscom makes sure its recruitment, development, talent management and leadership culture processes are designed in such a way that they counteract stereotypes and enable equal opportunities. Swisscom performs due diligence by regularly measuring the Group-wide targets in the different dimensions of diversity.

Swisscom in Italy
Fastweb's principles for managing and remunerating employees emphasise equal conditions, non-discrimination, performance orientation and transparency. Fastweb aims to be a safe, inclusive place where employees proudly express their uniqueness. The inclusion@Fastweb strategy promotes diversity, equality and inclusion. It is monitored by the Corporate Culture & Inclusion department and is available on the Fastweb website and on the Agorà intranet, which is accessible to all Fastweb employees. The strategy covers the areas of gender diversity, disability, sexual orientation, multiculturalism and age discrimination. The emphasis is on intersectionality, promoting equal opportunities, and mutual connections. It also strengthens internal and external initiatives ranging from gender equality to promoting women's STEM skills, supporting employees with disabilities, and promoting inclusive language at Fastweb.

Key performance measures

Swisscom in Switzerland

KPI	2024	Target 2025
Proportion of women in the workforce	23.1%	25.0%
Proportion of women in management	15.1%	15.7%
Proportion of employees under 40 years of age	43.8%	45.0%
Proportion of employees with health impairments (inclusion)	1.2%	1.0%

Swisscom in Italy

KPI	2024	Target 2025
Proportion of women in the workforce	41%	50%
Proportion of women in new hires	54%	50%
Proportion of employees trained in diversity and inclusion	55%	50%

Implementation of concept/ assessment of effectiveness

Swisscom in Switzerland
To promote diversity in its Swisscom business, Swisscom focuses on the factors of gender, inclusion, generations and language regions.

Gender
Swisscom relies on programmes and initiatives to attract more women to IT professions and positions in management. Flexible working models give employees the support they need in different life situations. Swisscom therefore advertises the majority of its positions with workloads ranging from 60 to 100% and also offers job sharing, holiday purchasing, part-time work on a trial basis, contributions to extra-familial childcare and programmes such as Work & Care.

Inclusion
Swisscom is committed to making jobs available to people with physical or psychological impairments or a refugee background in order to (re)integrate them into the workforce. It tries to offer at least 1% of jobs for inclusion-related employment solutions. To achieve this, it is working with organisations such as Compasso and Powercoders.

Generations
In order to counteract the loss of knowledge and shortage of skilled workers that will come hand-in-hand with

the upcoming, substantial wave of retirements, Swisscom promotes the transfer and build-up of know-how through measures such as mentoring and junior programmes.

Language regions

Swisscom attaches importance to ensuring that the different languages are appropriately represented throughout the company and therefore offers apprenticeships, internships and talent programmes in all language regions. Language course offerings support employees with learning national languages and English or improving their language skills.

Swisscom in Italy

In September 2024, Fastweb received certification for gender equality (Prassi UNI/PdR125:2022). It achieved this thanks to its efforts to close the gender gap, by carrying out public campaigns and initiatives in schools and universities, and as the co-founder of a new network of companies and associations taking a stand against gender-based violence (PARI) that was launched in 2024. With this certification, Fastweb receives additional points in public tenders and increases its competitiveness in the corporate business segment. It has drawn up a medium- to long-term action plan for gender equality, which is reviewed annually by the certification body.

As at 31 December 2024, the percentage of women in the workforce is 41% and the percentage of women in management is 26%. The gender ratio among managers reporting directly to the CEO increased to 31% in the reporting year. Two out of six members of Fastweb's Board of Directors were women as of 31 December 2024. In July 2023, Fastweb launched Your Evolution, an internal programme to promote female talent. The idea behind the programme is to identify female talent and increase the proportion of women in management positions faster. In the reporting year, 20% of participants moved to other positions, and 6% of them were promoted to management positions. All Your Evolution participants also took part in special training and coaching programmes this year.

An analysis conducted in accordance with the requirements of the gender equality certification shows no or little gender pay gap at Fastweb. The average percentage pay gap for the same job by gender and for the same qualification level was no more than 10% in September 2024. In 2024, Fastweb also educated its employees on discrimination, harassment and gender-specific violence.

The diversity, equality and inclusion strategy not only serves to spread ethical values at Fastweb but also as a driver for improving Fastweb's own performance as a company. In 2024, diversity & inclusion training reached 55% of employees. Fastweb managers took part in smart leadership training, which focused on measures to promote, develop or integrate employees in an attentive manner, as well as the question of how best practices seen elsewhere can be put into practice.

A team of Inclusive Agents operates in all the regions where Fastweb has branches. In 2024, the team made a significant contribution to spreading an inclusive culture within the company. In addition, Fastweb promotes the use of inclusive language both in internal and external communication. It joined the scientific committee of the permanent observatory for conscious and inclusive language in the reporting year.

Risks

Efforts to increase diversity and equal opportunities are associated with the following risks:

- **Resistance to change:** Some employees may resist diversity initiatives out of fear of change or uncertainty.
- **Discrimination and prejudice:** Discrimination and prejudice can persist in the workplace environment in spite of diversity efforts.

Social matters

Data protection and data security

Concept applied (incl. due diligence)

Swisscom in Switzerland

As ‘Innovators of Trust’, Swisscom ensures that data protection and data security are firmly established in its organisation, strengthening the trust customers place in it. As a result, data protection is a central component of Swisscom’s digital strategy and its responsibility towards society. The data protection and data security concept aims to protect personal and business data from unauthorised access, misuse and data breaches.

Swisscom in Italy

Data protection

Fastweb has implemented an organisational model for the protection of privacy and data protection: this model defines the governance system and the roles and responsibilities associated with the protection of personal data, which includes the creation of a data processing register, corresponding privacy-by-design activities, the qualification of suppliers, and first- and second-line controls.

Data security

In terms of cybersecurity, Fastweb pursues a risk-based approach based on two pillars:

Strategy: Improvement of the organisation and the governance structure in the areas of information security, incident management and security risk management in accordance with a three-lines of defence model in order to effectively combat cybercrime.

Technology: Definition of technical security standards and procedures.

Key performance measures

KPI	**2024**	Target 2025
Percentage of employees trained in cybersecurity	89%	85%

Implementation of concept/ assessment of effectiveness

Swisscom in Switzerland

Data protection

The new Federal Act on Data Protection (FADP) has been in force since 1 September 2023. Swisscom has implemented the necessary adjustments to protect personal data. When the revised FADP came into force, it also took the opportunity to introduce a new standard of customer information and expand the options available to customers. This means that Swisscom customers can not only opt out of specific types of data processing via My Swisscom – an option already available to them in the past – but can now automatically request information regarding how their data is used.

Swisscom attaches great importance to the legally compliant and responsible processing of personal data and protected information. As a result, Swisscom operates a compliance management system for data protection and confidentiality, to which it applies internationally recognised standards and norms. It also maintains a data ethics framework that is designed to clarify ethical issues connected to the processing of data and the use of new technologies.

Among other things, Swisscom processes personal data in order to provide its customers with individualised, targeted advertising or offers that are even better suited to their needs. It creates customer segments or customer profiles to that end. Customers’ personal data is made available to advertising marketing companies in aggregated form for target group-based advertising. Customers may object to the receipt of advertising and the processing of their personal data for marketing and advertising purposes. Swisscom has taken technical and organisational measures in order to comply with applicable legal provisions.

In the year under review, Swisscom did not conduct any legal or administrative proceedings in the area of customer data protection or confidentiality. Swisscom complies with its legal obligations with regard to the surveillance of postal and telecommunications traffic.

See www.swisscom.ch/dataprotection

Data security

In addition to strict compliance with data protection requirements, Swisscom places a particular focus on guaranteeing data security. To ensure the best possible protection for employees, customers, partners and its own company, it relies on state-of-the-art, secure infrastructure in addition to highly qualified security experts. The three pillars of prevention, detection and response form the basis of Swisscom's security policy.

In view of the ever-increasing threats posed by cybercrime, Swisscom uses automation technologies and artificial intelligence to detect risks and attacks at an early stage and initiate appropriate countermeasures. Cyber specialists in the Swisscom Security Operation Center monitor the entire IT infrastructure around the clock. In addition to technical security measures, Swisscom strives to promote a culture of security within the company. For example, targeted awareness measures are used to raise awareness among employees about the conscious and secure handling of data. The new security awareness campaign #bethestrongestlink is being used by Swisscom to motivate all employees to do their bit to ensure the company's security.

Swisscom offers effective security solutions for residential and business customers. These range from call filters and virus protection to security assessments, managed security services and immediate assistance in the event of a hacker attack. Security is thus an integral part of Swisscom's values and culture.

See **www.swisscom.ch/dataprotection**

Swisscom in Italy

Data protection

In accordance with the provisions of the General Data Protection Regulation (GDPR), Fastweb has appointed a data protection officer (DPO) to independently monitor the methods and GDPR compliance of the company's decisions concerning the management and protection of personal data. The data protection model includes an accountability system that defines specific roles: data managers implement the GDPR requirements in the operating units; competence centres serve to support the data managers; compliance units advise and monitor the data managers and competence centres.

In addition, Fastweb has set up an internal data protection committee, which monitors the contractual data protection requirements within the sales channels and can impose penalties and other measures in the event of non-compliance.

During the reporting year, Fastweb received 5,467 enquiries from customers and third parties regarding data protection. 22% of the enquiries were related to the exercise of rights under the GDPR and the right to object. The right to erasure accounted for 8% of the enquiries and other reasons for 70%.

In July 2024, the Italian Data Protection Authority (Garante per la protezione dei dati personali, GDPD) concluded two proceedings against Fastweb that had been running since 2022. The proceedings were primarily against illegal telemarketing activities and soft marketing. The authority imposed a fine of EUR 0.5 million.

Data security

In the reporting year, Fastweb continued to follow the three-year plan it had adopted in 2023, involving a strategic and technological approach.

Fastweb has a competence centre that specialises in the analysis of customer requirements and corresponding solutions in the field of cybersecurity. It includes two Security Operation Centres (SOCs) that are available to business customers and public administrations for proactive monitoring and defence against cyberattacks. Fastweb's subsidiary 7Layers S.r.l offers comprehensive services in the field of cybersecurity.

Fastweb is one of the most reliable and safest market players in the field of data management for companies and public administration. It was the first Italian provider to obtain the relevant certification to qualify as a cloud service provider to the public administration in Italy as part of the national cloud strategy.

Fastweb prepares a progress report each quarter on its risk mitigation activities. The report is used to monitor progress, define improvement measures and identify new products and services.

Risks

Cyberattacks continue to pose a major threat. The speed of digital transformation, machine learning and computing power is rising at an exponential rate, and attacks are becoming increasingly specific and efficient. This inevitably increases the number of vulnerabilities within the company that are susceptible to cyberattacks. The corresponding risks can have the following effects:

- Swisscom may have weak points when it comes to protecting its infrastructure and customer data from cyberattacks.
- A lack of employee knowledge or overly complex infrastructure can make it more difficult to prevent cyberattacks, some of which are triggered by artificial intelligence.
- Compliance with increasingly complex statutory requirements for data storage and data protection can affect Swisscom's strategy or business models.
- Blackmail attempts, which are becoming increasingly common in connection with cyberattacks, can result in financial losses.

Network access

Concept applied (incl. due diligence)

High-performance network infrastructure is becoming more and more important. Mobile communications play a key role in new applications such as the Internet of Things (IoT). What is more, an increasing number of security-critical processes will be carried out via mobile communications in the future. The expansion and modernisation of networks is therefore a must in order to enable innovation. Swisscom is constantly developing its network infrastructure to keep pace with the increasing demand for broadband in the fixed and mobile networks, investing around CHF 1.7 billion per year in its infrastructure in Switzerland. Through the provision of high-performance networks and an optimal technology mix, it makes a significant contribution to the attractiveness of the Swiss business community. It also aims to provide its customers with the best network at all times, regardless of their location. Swisscom has set itself ambitious expansion targets. By the end of 2025, fibre-optic coverage (FTTH) in Switzerland is to increase to 57%, and total between 75% and 80% by 2030. Almost the entire population should have internet access with bandwidths in the gigabit range by 2035.

Swisscom's 5G+ mobile generation is to cover around 90% of the population in Switzerland in the medium term. New mobile generations are more energy efficient, reduce immissions and make better use of the limited radio spectrum available than previous generations. This means that it is in the general interest to focus on the latest mobile generation wherever possible and replace older generations. The Ordinance on Protection against Non-Ionising Radiation (ONIR) regulates immissions by mobile antennas. Swisscom takes education and providing information on mobile communications seriously. Its team of specialists answers enquiries from the public, and Swisscom also supports the Chance5G information platform established by the industry association asut.

Key performance measures

KPI	**2024**	Target 2025
Coverage of homes and businesses with fibre optics [1]	52%	57%
Coverage of the Swiss population with 5G+	86%	90%

1 Built access lines.

Implementation of concept/ assessment of effectiveness

Network expansion made further progress in the reporting year. At the end of 2024, optical fibre coverage came to 52% and 5G+ coverage to 86%. Total 5G coverage stood at 99%.

The Federal Court stated in a judgement from April 2024 that a regular building permit procedure is required for the first-time activation of the correction factor on adaptive antennas. The decision does not yet offer any legal clarification regarding the correction factor. In the reporting year, however, this resulted in Swisscom having to submit more than 1,000 retrospective building applications for the activation of the correction factor. This increased the number of building permit applications for mobile communications systems pending with the relevant authorities across the sector to over 3,000. Accordingly, the 5G expansion in Switzerland is likely to be further delayed. Pressure is therefore mounting for politicians. A motion calls for the rapid expansion of the 5G network as well as measures to simplify and accelerate the expansion. Implementation of this motion would allow outdated regulations for calculating transmission power to be adapted to reflect developments and findings over the last 20 years and building permit procedures to be simplified.

Risks

The following risks related to network access could arise.

- **Authorisations and regulatory hurdles:** Attaining authorisations and complying with regulatory requirements can be time-consuming and complex, delaying the expansion of the network.
- **Technological advances:** The rapid pace of technological advances may lead to investments that have already been made becoming obsolete.
- **Supply gaps:** Despite every effort to expand the network nationwide, some areas can still be difficult to reach, which can lead to supply gaps.

Youth media protection and media skills

Concept applied (incl. due diligence)

Swisscom is a driving force when it comes to shaping and enabling a forward-looking information society. However, high levels of internet availability alone are not enough. Rather, use of the internet also has to add value and be autonomous. With this in mind, Swisscom takes targeted measures to promote youth media protection and is committed to responsible media usage. Its services impart knowledge, classify the phenomena of digital transformation and promote reflection processes that lead to healthy media use. Swisscom performs due diligence by measuring both the effectiveness of these initiatives and the number of meaningful interactions with the population at large. Swisscom has set itself the goal of reaching around 2 million people a year with information, tips and support by 2025.

Key performance measures

KPI	2024	Target 2025
Promotion of media skills	813,182	350,000
Media use training	1,137,267	1,273,000
Technical measures for the protection of minors	164,052	158,000
Digital shift	96,581	230,000
Total number of contacts	**2,211,082**	**2,011,000**

Implementation of concept/ assessment of effectiveness

Different user groups with specific requirements

The challenges associated with meaningful, low-risk media usage change depending on age and form of use. Swisscom has summarised the challenges it faces in three areas of action.

Digital inclusion

Swisscom makes the opportunities associated with the digital transformation accessible to everyone, supports equal opportunities in the labour market (or in terms of employability), provides education and promotes social relationships in individuals’ leisure time. These measures are primarily aimed at older people who are at risk of losing touch with the rapid pace of technological development.

Youth media protection

Swisscom is supporting children, young people, parents, legal guardians and teachers in the safe and responsible use of smartphones, the internet and television.

Data and internet security

Swisscom provides information about the dangers of the internet, promotes responsible and reflective work, and protects personal data. The focus is primarily on adults in the private and business environment.

Swisscom Campus

Swisscom Campus brings together the opportunities of Swisscom for all target groups under one umbrella. The opportunities are divided into the areas of home, school, work and leisure.

See **www.swisscom.com/campus**

In the year under review, Swisscom focused on artificial intelligence, cybersecurity and sharenting, expanding its offerings for all of these topics. This includes webinars, columns in publications aimed at specific target groups, the *enter* brochure and social media posts. Following the success of the first online parents’ evening in collaboration with blue TV, Swisscom organised another parents’ evening on sharenting in November 2024.

Youth media protection

Swisscom considers the promotion of media competency to be the ideal way to enshrine the digital transformation in society. In addition, technical protective measures are designed to protect young people from inappropriate offerings such as pornographic and violent content. When developing new products and services, Swisscom checks whether the mechanisms for youth media protection are being used effectively. The parental control function or age verification makes certain content inaccessible to young people, and blue TV has a blocking function that enables content and commercial restrictions on video-on-demand content (VoD content). Swisscom also blocks all value-added services with erotic content (0906 numbers and value-added services) for young people and gives parents the option of setting surfing times for their children on the Internet-Box.

Child protection

With regard to the use of its products and services, Swisscom goes beyond the law and protects children from debt, unsuitable content and the risks associated with the use of digital media (e.g. addiction, privacy, hate speech and cyberbullying). Swisscom ensures its products have parental control features and limits access to offerings with content that is potentially harmful to minors using suitable mechanisms. In order to actively protect the physical and mental innocence of children and young people, it is crucial that the measures are not restricted solely to the media interactions of children and young people. Even before the entry into force of the Telecommunications Act (TCA Article 46a) made it a legal obligation, Swisscom was already committed to blocking on its networks child pornography sites reported by the Swiss Federal Police as part of the industry Initiative of the Swiss Association of Telecommunications (asut) for improved Youth Media Protection and the Promotion of Media Skills in Society. An electric interface between the Swiss Federal Police and Swisscom automatically tracks all changes. Swisscom also supports the anonymous reporting centre www.clickandstop.ch and provides communication support.

See **www.clickandstop.ch**

Data and internet security

Swisscom offers information about the dangers of the internet, promotes responsible and reflective work, protects personal data. Its measures focus primarily on adults in the private and business environment, for whom the Swisscom Campus offers the ‘Cyber security’ campus guide and includes online courses such as ‘Staying safe on the internet’ and ‘Privacy on the internet’.

Risks

The following risks related to the protection of minors and media protection could arise:

- **Restrictions:** Even though access to certain content must rightly be restricted for children and young people, overly strict measures to protect minors can have a negative impact on the freedom of expression and creative development of young people.
- **Technological complexity:** The rapid development of digital media is making it more difficult for parents and teachers to keep up with the latest technologies and applications.
- **Lack of supervision:** In some cases, children and young people can access unsuitable content despite measures for the protection of minors if there is insufficient parental supervision.
- **World views conveyed exclusively by the media:** Excessive media consumption can lead to a distorted perception of reality, especially among young people.
- **Mental health:** Uncontrolled media use can lead to mental health problems, such as addictive behaviour and depression.

Respect for human rights

Fair supply chain

Concept applied (incl. due diligence)

With the entry into force of legal provisions on due diligence and reporting obligations in relation to conflict minerals and child labour (Article 964j of the Swiss Code of Obligations) and the associated ordinance (DDTrO), Swisscom has been obligated since 2023 to conduct due diligence in relation to child labour, implement a comprehensive management system and issue an annual report. This obligation covers the entire upstream supply chain and includes the company's own business activities and all players involved – from the extraction of raw materials to the processing of the end product. Swisscom does not introduce or process any conflict minerals in Switzerland. The reporting obligation on compliance with due diligence requirements in relation to conflict minerals is therefore waived.

A large proportion of the goods and services Swisscom purchases is used to operate and expand the network infrastructure. In addition, end devices such as mobile phones, routers and TV-Boxes account for a considerable proportion of the purchasing volume. Swisscom's purchasing department handles all procurement transactions and ensures compliance with governance requirements. The main basis for purchasing transactions is the Code of Conduct for Procurement. It contains binding rules for Swisscom suppliers and employees. When it comes to purchasing goods and services, respecting and protecting human rights are a key element of Swisscom's corporate responsibility. Swisscom focuses here on core human rights risks with a high probability of occurrence and a potentially significant impact on those affected and local communities.

These core risks include:

- Child labour
- Forced labour, especially the exploitation and discrimination of ethnic minorities
- Insufficient working conditions in the manufacture of electronics devices, e.g. when handling hazardous substances
- Reasonable limits on working hours
- Fair remuneration

The aforementioned risks are often hidden in the lower levels of the value chain, in which Swisscom only has little insight and influence on the processes involved. Swisscom therefore considers it essential for the performance of its corporate due diligence to collaborate in joint solutions within the ICT sector. When doing so, it takes the relevant ILO, OECD and SA8000 standards as a basis. It also relies on a holistic risk management system, which it uses to systematically check its supplier relationships for risks. Swisscom attaches great importance here to maintaining a fair, effective partnership with suppliers who share its social and environmental goals and its values. Where risk hotspots are identified, Swisscom takes targeted development and corrective measures with suppliers.

Key performance measures

KPI	2024	Target 2025
Number of employees at suppliers in the audited factories in the year in question in the JAC network	243,396	150,000

Implementation of concept/ assessment of effectiveness

Swisscom in Switzerland

Risk management system

Swisscom's Supply Chain Risk Management follows a holistic approach in carrying out due diligence checks. The aim is to identify, assess, prioritise and reduce risks in ethical, social and environmental terms, and with regard to finances, logistics, quality and security of supply. It also captures the overall purchasing volume of human rights risks and their corresponding impact. Swisscom's measures have enabled it to achieve a fair procurement score of 90/100 on EcoVadis. The following overview describes the core pillars of due diligence on human rights in Swisscom's supply chains according to the OECD guidelines.

Supply chain policy

As part of its due diligence, Swisscom takes a stand for children's rights. In doing so, Swisscom is guided by the International Labour Organization's (ILO) definition of abusive child labour. The ESG Supplier Code of Conduct attached to the purchasing contract sets out the ecological, social and ethical conditions in the supply chains. Swisscom commits to binding standards for child labour and conflict minerals and obliges its supply partners to report any suspected cases to it.

Risk and impact analysis

Swisscom conducted a risk analysis of its entire value chain with regard to compliance with human rights. It determined core risks according to their severity and probability of occurrence and created a plan of action for expanding the existing management system, which assigns each supply partner to a category on the risk traffic light (green to red). Suppliers are assigned in relation to the commodity group risk of the service or product provided (in accordance with the internationally recognised score system from the EcoVadis platform) and contract volume. Swisscom pays particular attention to those supply chains over which it has the most influence and for which it bears the most responsibility. The focus is therefore on suppliers who are involved in the supply chain of Swisscom's proprietary products. Since 2023, the risk concept has been anchored in the procurement process via the SAP Ariba digital platform.

Transparency is the key to fair supply chains. Swisscom pays particular attention to monitoring purchasing transactions with elevated risks (around 30%) and procurements with its top 100 suppliers. As a result, it receives ongoing information about events in the supply chains relating to over 83% of its spend. Swisscom's risk assessment is conducted using the EcoVadis and sphera platforms, which specialise in sustainability ratings. In addition, Swisscom uses the Prewave platform to monitor the country risk for child labour using the UNICEF Children's Rights and Business Atlas Index. Swisscom is working with suppliers of its proprietary products on the gradual disclosure and presentation of the relevant supply chains on Prewave. This helps it in its efforts to specifically trace the origin of the materials and metals used.

Measures to prevent, eliminate or minimise negative impacts

Since 2023, Swisscom has been a member of the Global Child Forum non-profit organisation, which campaigns worldwide for the respect of children's rights by the private sector. Swisscom achieved a score of 7.4 in the Children's Rights Benchmark, putting it among the leaders of the companies evaluated. The industry average is 5.2 points.

Audit programme in the Joint Alliance for CSR

Swisscom is a member of the Joint Alliance for CSR (JAC). JAC is an association of telecoms providers with global operations that join forces to monitor compliance with applicable ESG standards and working conditions in the production centres of major multinational ICT suppliers. By conducting on-site audits, Swisscom can identify poor corporate practices that pose a potential risk to people and the environment. It then helps its suppliers and sub-suppliers to implement prioritised and scheduled corrective measures. On-site audits examine the following risk categories:

- **Health and safety:** e.g. emergency exits, emergency lighting, and the handling and storage of hazardous substances
- **Working hours:** working hours, overtime and rest days
- **Salaries and benefits:** social security, minimum wages, deductions
- **Environmental protection:** greenhouse gas emissions (measurement, reduction targets, involvement of suppliers/sub-suppliers), implementation of environmental issues along the supply chain
- **Child labour and young workers:** overtime, night shifts and no child labour
- **Forced labour:** lack of employment contracts

In the year under review, the JAC network carried out 139 (previous year: 149) audits. The audited suppliers included mostly Asian producers from the areas of IT hardware, IT software and services, and network infrastructure. The audits uncovered a total of 622 (previous year 883) vulnerabilities.

In the areas of its supply chain where Swisscom considers there to be an increased risk to people and the environment, it takes development measures with its strategically important suppliers and their sub-suppliers as part of the Supplier Development Programme (SDP). Over the last few years, it has worked with suppliers participating in the SDP to develop solutions in relation to issues such as environmental protection, working time regulations and safety at work. The suppliers concerned continue developing their measures independently after the first year. After they have successfully completed the development programme over three years, they use their experience independently in their own supply chains.

Swisscom has been organising training sessions in the form of workshops and webinars for its strategic procurement department on the topic of ESG in supplier management since 2023. It will be gradually expanding the sessions further and specifically addressing the topics of child labour and conflict minerals. Beyond knowledge transfer and the development of internal capacities, the training and awareness-raising programme aims to even better enshrine the long-term ESG governance principles in the procurement departments and, at the same time, facilitate cross-divisional cooperation on human rights issues.

In addition to its existing whistle-blowing channel for the company's stakeholders, in 2023 Swisscom established a complaints mechanism covering the supply chain and a remediation process. This gives those affected the opportunity to report human rights abuses and related complaints affecting procurement processes relevant for Swisscom directly to Swisscom, which should allow it to identify and eliminate human rights abuses more directly than previously. This whistle-blowing channel is based on the UN Guiding Principles on Business and Human Rights (UNGP No. 29). It is a space that guarantees anonymous, transparent and legally compliant whistle-blowing in accordance with the principles of non-discrimination and non-retaliation. Swisscom categorises complaints according to the extent, resolvability and severity of the impact on those affected. Remediation and development measures are then taken in exchange and dialogue with relevant suppliers and the whistle-blowers. No reports have been submitted since the system was activated in October 2023.

Swisscom in Italy

Fastweb is committed to pursuing its objectives with transparency and integrity and to conducting itself in an ethical and responsible manner. The protection of human rights and labour rights is a guiding principle for Fastweb, one that is, among other things, guaranteed by its SA8000 certification for social responsibility. Fastweb endeavours to ensure that its suppliers and business partners work with it according to the same principles. For this reason, Fastweb introduced a concept to ensure compliance with human rights in the supply chain long before the adoption of the European Commission's proposal for a directive on corporate due diligence in the area of sustainability.

The supplier qualification process is an integral part of Fastweb's procurement model. In it, each supplier is assigned a risk level based on the supplier's product sector and on labour, safety, social and environmental criteria. To successfully complete the accreditation process and meet the requirements of Fastweb's Code of Ethics, all suppliers must sign specific clauses on environmental and social responsibility issues. In it, they undertake to comply with all applicable legal regulations, in particular Model 231, labour law regulations, health and safety regulations, environmental regulations and the principles of social responsibility with regard to respect for human rights. Together with the Code of Ethics, Model 231 sets out rules of conduct and is updated at periodic intervals.

Fastweb worked with 1,541 suppliers in 2024 (including 242 suppliers that were newly registered this year). 116 of these new suppliers were reviewed according to social and environmental criteria. In 2024, Fastweb introduced its Code of Conduct for Ethical and Sustainable Purchasing, which serves as a binding reference point for its partners and Fastweb procurement employees. The Code of Conduct is intended to promote the responsible management of environmental, social and governance aspects in the supply chain and is an integral part of Fastweb's Code of Ethics.

In 2023, Fastweb launched its Sustainable Supply Chain Programme. The programme aims to develop a structured supplier assessment system that is based on ESG criteria, creates added value for the company and gradually anchors the culture of sustainability throughout the chain. In the year under review, it set itself the goal of reviewing the ESG performance of at least 70 suppliers categorised as strategic, taking into account the volume of expenditure and their ESG risk levels. 248 suppliers were assessed by EcoVadis, a global provider of ESG risk assessments. 100 of all suppliers assessed in 2024 have been categorised as strategic. The results of the assessment are gradually being integrated into the procurement processes and will increasingly be a decisive factor in partner selection.

Risks

Implementing a fair supply chain is essential to manufacture products under proper ethical conditions. It involves the following risks:

- **Lack of transparency:** The greatest risks to people and the environment lies at lower levels of the supply chain. Swisscom often has no insight into these areas or the companies operating there or their production methods due to a lack of contractual relationships. Obtaining information and monitoring the relevant supply partners is particularly challenging due to legal obstacles, the large number of suppliers and practices such as outsourcing and subcontracting.
- **Reliance on suppliers:** Swisscom may become reliant on key suppliers, reducing its potential to influence fair production processes in the supply chain.
- **Complexity of the supply chain:** Electronic devices and other IT products, as well as Swisscom's own products, consist of a number of different components, each with their own supply and value chains. Monitoring and controlling ethical standards in complex global supply chains and manufacturing processes can prove difficult and require effective collaboration with a large number of different suppliers and partners.

Anti-corruption

Ethical behaviour

Concept applied (incl. due diligence)

Swisscom conducts its business fairly, honestly and transparently and is opposed to any form of corruption. In its Code of Conduct, it has set out clear rules for legally compliant behaviour in the spirit of integrity. The Group-wide anti-corruption directive specifies what behaviour is permissible or prohibited in the context of work-related activities. The directive includes a strict ban on all forms of bribery and corruption, as well as detailed regulations on conflicts of interest, lobbying, donations and sponsorship. As a trustworthy partner, Swisscom meets stakeholders' high expectations in terms of its integrity. It works in line with values and ethical principles and trains its employees in lawful and value-oriented conduct.

Code of Conduct

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. A zero-tolerance principle applies with regard to compliance violations. Swisscom expects its employees to behave responsibly, show consideration for people, society and the environment, comply with applicable rules and laws, 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'.

See **www.swisscom.ch/basicprinciples**

Anti-corruption directive

Swisscom rejects corruption in all its forms. Facilitation payments are also prohibited. Swisscom's business is conducted fairly, honestly and transparently. In order to avoid corruption, Swisscom has incorporated the legal field of anti-corruption into the central Group-wide compliance management system in accordance with the ISO 37301 standard and has taken numerous precautions to prevent violations. The Group Anti-Corruption Directive and other specific directives define permissible and prohibited behaviour. All managers are trained through e-learning units and exposed employees receive additional special instruction. The central compliance department (Group Compliance) monitors the implementation of and compliance with the guidelines.

Anonymous reporting channel (whistle-blowing)

An anonymous reporting channel is available to all employees of Swisscom and Fastweb to report questionable events or practices, such as corruption, fraud, violations of laws and guidelines, or problematic accounting. A certified reporting system features technical mechanisms to ensure that the reports remain confidential. Reports are processed by Internal Audit in accordance with a defined process. As a unit assigned to the Board of Directors, Internal Audit guarantees the greatest possible levels of objectivity and impartiality. To simplify processing and receive a reply, the person submitting a report can set up a mailbox while remaining anonymous.

Swisscom in Italy

Fastweb promotes an ethical corporate culture, which is why it has introduced anti-corruption directives, a Code of Ethics and Model 231. It has thus defined rules of conduct that are regularly updated and ensure that the company complies with the applicable regulations. Model 231 defines a structured system of rules and controls that employees and third parties acting on behalf of Fastweb must follow. Fastweb supplemented Model 231 in July 2024 with a control system defined by the company. The system is designed to prevent offences that are listed in Decreto Legislativo 8 giugno 2001 n. 231 (D.Lgs. n. 231/2001). The subsidiary 7Layers S.r.l. has its own Model 231.

'Zero tolerance of corruption' is one of the principles that guide the actions of Fastweb. Fastweb has implemented the provisions of Swisscom's anti-corruption directive, established an anti-corruption system in accordance with the requirements of the ISO 37001 standard (Anti-bribery management systems) and received the corresponding certification. Compliance with ISO 37001 is reviewed and confirmed annually by an external auditor. Combating corruption is embedded in Fastweb's control system, risk management system and compliance management system, which fulfils the requirements of the ISO 37301 standard.

Key performance measures

Swisscom's goal was to train all Swisscom Switzerland employees in matters concerning corporate ethics in 2024. 91% of internal staff successfully completed this training in 2024.

Implementation of concept/ assessment of effectiveness

Swisscom in Switzerland and Fastweb in Italy periodically organise specific training sessions for their employees on all kinds of compliance issues (anti-corruption/ bribery [2024 e-learning: 95% of managers across the Group]), conflicts of interest, whistle-blowing, antitrust law, money laundering and terrorist financing, data protection and data security, capital market compliance and human rights). This is how the idea of integrity is to be sustainably anchored in the company. It involves an internal training cycle that starts with the trainer committee and reaches all employees via the management.

Risks

Unethical behaviour can give rise to the following risks.

- **Damage to reputation:** Unethical behaviour can lead to significant damage to Swisscom's reputation with a negative impact on the trust placed in the company by customers, business partners and the general public.
- **Lack of understanding or training:** A lack of training on, and awareness of, ethical principles increases the risk of violations.

Corporate Governance and Remuneration Report

Corporate Governance

Remuneration Report

Corporate Governance

Majority shareholder

51%

of the shares are held by the Swiss Confederation ('Confederation').

Organisation

Christoph Aeschlimann

has been Swisscom CEO since June 2022.

Board of Directors, Group Executive Board

33%

of the members of the governing bodies were women at the end of 2024.

1 General principles

In performing their activities, the Board of Directors and Group Executive Board of Swisscom are guided by the objective of sustainable business management. They incorporate the interests of Swisscom shareholders, customers, employees and other interest groups into their decisions and strive to achieve economic, social and environmental objectives as part of a holistic approach. The Board of Directors practises effective, transparent corporate governance, which is characterised by clearly assigned responsibilities and based on recognised standards. In this endeavour, Swisscom takes into account the recommendations of the 2024 Swiss Code of Best Practice for Corporate Governance issued by economiesuisse, the umbrella organisation representing Swiss business.

The dialogue between investors, proxy advisors and other stakeholder groups with the respective specialist divisions at Swisscom allows the Board of Directors to identify emerging 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 and Organisational Rules. 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 and 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'.

See **www.swisscom.ch/basicprinciples**

2 Group structure and shareholders

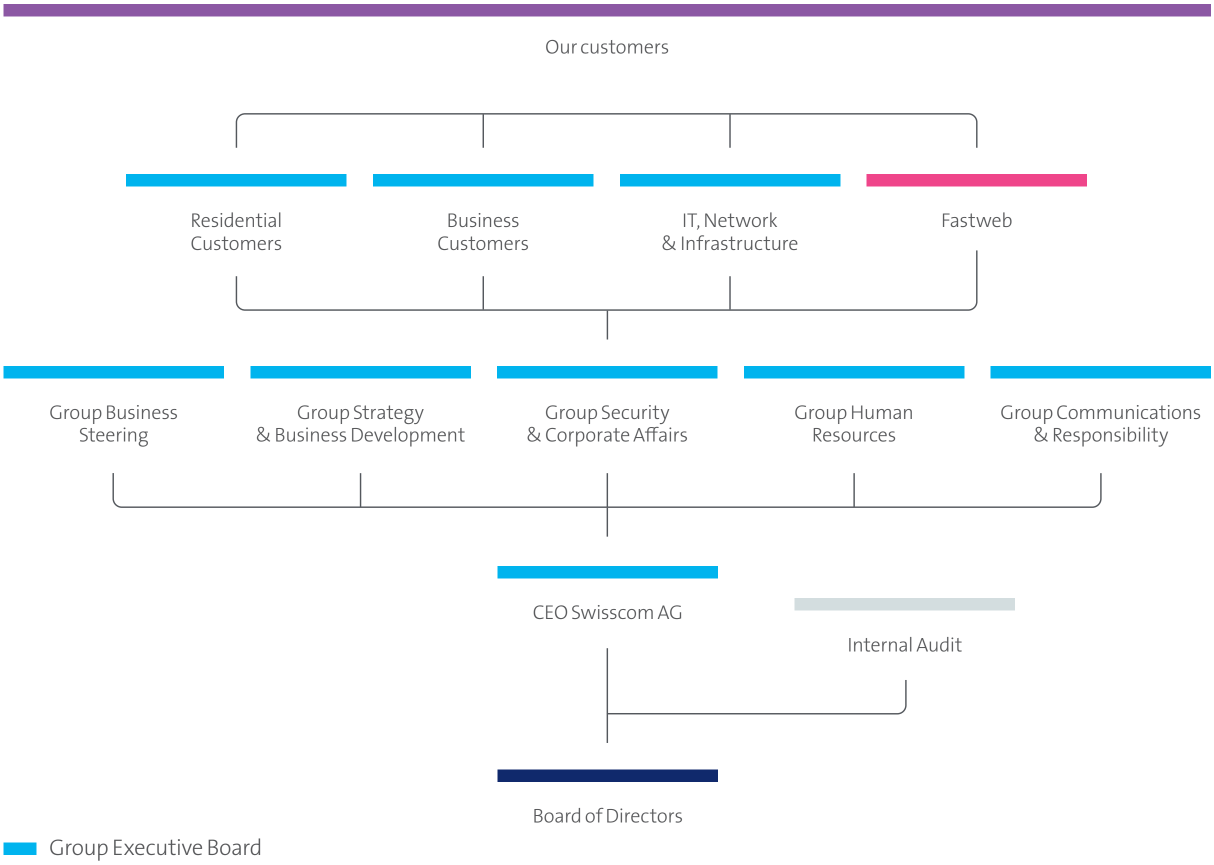
2.1 Group structure

Operational Group structure

Swisscom Ltd is a holding company and responsible for the overall management of the Swisscom Group. On 31 December 2024, the Group comprised the following five Group Functions, which each have staff functions: Group Business Steering, Group Human Resources, Group Strategy & Business Development, Group Communications & Responsibility and Group Security & Corporate Affairs. In addition, the Group includes the business divisions Residential Customers, Business Customers and IT, Network & Infrastructure and several Group companies, including Fastweb S.p.A. in Italy.

The Board of Directors of Swisscom Ltd has delegated day-to-day business management to the CEO of Swisscom Ltd. The Group Executive Board is comprised of the CEO of Swisscom Ltd together with the heads of the Group divisions and the heads of the business divisions.

The operational Group structure as at 31 December 2024 is shown in the organisational chart below.



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 Chair, together with the CFO of Swisscom Ltd, the Head of Group Strategy & Business Development at Swisscom Ltd and the Head of Accounting at Swisscom. The Board of Directors is supplemented by an independent external member and the delegate of the Board of Directors, who has been empowered with the executive management of the company. Fastweb controls two subsidiaries. All other Swisscom 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 5.5 to the consolidated financial statements.

See report **pages 199–200**

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 42–45**

Changes in the operational Group structure

As of 31 December 2024, Swisscom completed the acquisition of Vodafone Italia. The two strategic companies Fastweb S.p.A. and Vodafone Italia S.p.A. will from now on operate under the name 'Fastweb + Vodafone'. Both companies are managed by the same management board (Executive Committee) under the leadership of the existing CEO of Fastweb, Walter Renna. The composition of the Board of Directors of Fastweb S.p.A. will remain unchanged until its Annual General Meeting. The Vodafone S.p.A Board of Directors was newly appointed following completion. In the first quarter, both boards of directors will be identical with the exception of one person. This will ensure uniform management of the companies until their merger. Fastweb S.p.A. has a total of four direct or indirect subsidiaries.

Further structural changes will be made on 1 April 2025. Leaner and more efficient Group Executive Committee (formerly the Group Executive Board), consisting of Christoph Aeschlimann (Group CEO), Eugen Stermetz (Group CFO), Isa Müller-Wegner (Head of Group Strategy & Development) and Klementina Pejic (Head of Group Human Resources) will manage the company Group-wide, while the business in Switzerland and Italy will each be managed by an Executive Committee. The Executive Committee for Swisscom Switzerland is made up of the nine people who will form the Swisscom Group Executive Board until the end of March 2024 and whose work already primarily focuses on the Swiss business. This will ensure stability and continuity in the Swiss business in the future.

Listed company

Swisscom Ltd is a company governed by Swiss law and has its registered office in Ittigen (Canton of Bern, Switzerland). It is listed in the Standard for Equity Securities, SubStandard 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 2024, the stock market capitalisation of Swisscom Ltd was CHF 26,134 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 the share of a person or group subject to the disclosure obligation reaches, exceeds or falls below 3, 5, 10, 15, 20, 25, 33 $^{1}/_{3}$, 50 or 66 $^{2}/_{3}$ per cent of the voting rights of Swisscom Ltd, irrespective of whether or not the voting rights can be exercised. The detailed disclosure requirements are defined in the FINMA Financial Market Infrastructure Ordinance (FinMIO-FINMA). Under the FinMIO-FINMA, nominee companies unable to independently decide how voting rights are exercised are not subject to disclosure requirements. Since a notification requirement only exists if a shareholding reaches, falls below or exceeds 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 SIX Exchange Regulation website at: https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/. On 7 May 2024, UBS Fund Management (Switzerland) AG reported a holding of 3.46% in Swisscom Ltd. BlackRock Inc., New York, reported a shareholding of 3.44% of the voting rights in Swisscom Ltd in 2017. Neither of the companies has provided any notification indicating that it has reached, exceeded or fallen below the thresholds subject to notification requirements (3% and 5%, respectively) since that time.

As majority shareholder, the Swiss Confederation ('Confederation') held 50.95% of the issued share capital of Swisscom Ltd on 31 December 2024, 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 of Directors, the CEO and the representative of the Confederation 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 (FDF) – led by the Head of DETEC. Furthermore, the Head of Group Security & Corporate Affairs also participates in their capacity as Secretary of the Board. During these talks, the participants undertake a benchmark analysis of target achievement. After the close of the business year, target achievement is assessed by the Federal Council.

See **www.swisscom.ch/ziele_2022-2025** (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 capital band and no authorised or conditional share capital. Information concerning equity can be found in the annual financial statements of Swisscom Ltd.

See report **page 218–219**

3.2 Shares, participation certificates 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' and in the Management Report.

See report **pages 116–117**

See report **pages 53–54**

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 4.5.1 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 transfer restrictions are described in Section 7.1 of this Corporate Governance Report, 'Voting right restrictions and proxies'.

See **www.swisscom.ch/basicprinciples**

See report **page 116**

Swisscom has issued special regulations governing the registration of trustees and nominees in the share register. To facilitate the trading of the shares on the stock exchange, the Articles of Incorporation (Article 4.6) 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 a majority of the voting shares represented 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 159–162**

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

Alain Carrupt left the Board of Directors on 27 March 2024. On the very same day, the Annual General Meeting appointed Daniel Münger as a new member and re-elected all other members to be elected by the Annual General Meeting. The Federal Council also appointed the representative of the Confederation to the Board of Directors for another year. As of 31 December 2024, the Board of Directors comprised the following non-executive members.

Name	Nationality	Year of birth	Function	Taking office at the Annual General Meeting
Michael Rechsteiner [1]	Switzerland	1963	Chairman	2019
Roland Abt	Switzerland	1957	Member	2016
Monique Bourquin	Switzerland	1966	Member	2023
Guus Dekkers	Netherlands	1965	Member	2021
Frank Esser	Germany	1958	Deputy Chairman	2014
Sandra Lathion-Zweifel	Switzerland	1976	Member, representative of the employees	2019
Daniel Münger	Switzerland, Italy	1961	Member, representative of the employees	2024
Anna Mossberg	Sweden	1972	Member	2018
Fritz Zurbrügg [2]	Switzerland	1960	Member, representative of the Confederation	2023

1 Chairman since 31 March 2021.

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. The external mandates of the members of the Board of Directors are disclosed in the Remuneration Report. 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. If the Chairman is concerned, he shall consult or inform the Deputy Chairman. The Chairman or Deputy Chairman, as the case may be, then informs the Board of Directors about these changes and about potential conflicts of interest. Awareness of dealing with affiliations is raised in the Board of Directors as part of the annual internal training session that focuses on stock exchange regulations, as well as in the annual further training sessions. Details on the regulation of external mandates, in particular the number of permissible external mandates and the definition of the term 'mandate', are set out in Article 9.3 of the Articles of Incorporation. No member exceeds the limits set for external mandates set out in the Articles of Incorporation.

See **www.swisscom.ch/basicprinciples**
See report **pages 135–137**

The members of the Board of Directors are required to order their personal and business affairs to ensure that conflicts of interest are avoided as far as possible. They must take any action necessary for this. Should a conflict of interest nevertheless arise, the member concerned must inform the Chairman of the Board of Directors and/or the Deputy Chairman immediately, so that it can brought to the attention of the Board of Directors. If the member of the Board of Directors is subject to conflicting interests or has to safeguard such interests, the Board of Directors makes a decision that is commensurate with the intensity of the conflict of interest in order to ensure that the interests of the company are safeguarded independently. It looks, first and foremost, at whether the member of the Board of Directors concerned has to abstain or whether a double resolution with and without the member affected by the conflict is sufficient. In the event of an abstention, the Board of Directors decides whether this abstention – depending on the intensity of the conflict – applies only to the resolution or also to the consultation session before the resolution is passed.

Michael Rechsteiner

Master of Science in Mechanical Engineering, ETH Zurich; Executive MBA, 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 COO, Sultex; 2007–2015 various roles at Alstom Power, most recently CEO and Senior Vice President Power Services; 2015–2017 General Electric (GE) Officer and Vice President of Global Product Lines at GE Power Services; April 2017–March 2021 managerial responsibility for GE Power Services Europe and CEO of GE Gas Power Europe; April 2021–April 2022 external advisor to General Electric (Switzerland) GmbH; since March 2021 Chairman of the Board of Directors of Swisscom Ltd

Key competencies

Michael Rechsteiner heads up the Board of Directors and has broad international experience in business and management. In particular, he contributes his expertise and experience in the areas of innovation and technology, business customers, mergers & acquisitions, strategy, transformation, human resources, and environment, social & governance (ESG) to the Board of Directors.

Roland Abt

PhD in Business Administration 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 CFO, GF Piping Systems, 1997–2004 CFO, Agie Charmilles Group (currently GF Machining Solutions), 2004–2016 CFO, Georg Fischer AG, and member of the Group Executive Board

Key competencies

Roland Abt is a financial expert with broad international experience in business and management. In particular, he contributes his expertise and experience in the areas of business customers, finance, mergers & acquisitions, strategy, transformation, law and human resources to the Board of Directors.

Monique Bourquin

Degree in Business Administration (lic. oec.) University of St.Gallen (HSG)

Career history

1990–1994 Strategy and Corporate Finance Consultant, PricewaterhouseCoopers Switzerland; 1994–1997 Marketing and Sales, Unilever AG (formerly Knorr Nährmittel AG); 1997–1999 Head of Key Account Management (Sales), Rivella AG; 1999–2002 Country Manager (Marketing & Sales), Mövenpick Schweiz AG; 2002–2007 Head of Sales, Executive Board Member, Unilever Schweiz GmbH; 2008–2012 CEO, Executive Board Member, Unilever Schweiz GmbH incl. Oswald GmbH; 2012–2016 CFO DACH Region, Executive Board Member, Unilever Deutschland GmbH

Key competencies

Monique Bourquin has long-standing international experience in business and management in the private customer segment. In particular, she contributes expertise in matters relating to strategy, brand management, marketing, sales, finance and human resources to the Board of Directors.

Guus Dekkers

Master's degree in Computer Science, Radboud University Nijmegen; MBA, Rotterdam School of Management (RSM)

Career history

1990–2001 Volkswagen AG, Wolfsburg, various functions, mainly in the area of business process optimisations; 2002–2005 Head of Information Technology Europe & International and Vice President, Johnson Controls Automotive; 2005–2007 CIO and Vice President, Siemens VDO Automotive AG, Germany; 2008–2016 CIO, Airbus Group, France; since April 2018 CTO and member of the Executive Committee, Tesco PLC, London

Key competencies

Guus Dekkers has gained broad international experience in business and management in various sectors. He especially contributes knowledge of the telecommunications and IT sectors to the Board of Directors. Furthermore, he complements the Board of Directors with his expertise and experience in the areas of innovation, technology and digitalisation as well as mergers & acquisitions, strategy, transformation and human resources, in both business and private customer segments.

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 COO, 2002–2012 CEO, in this function from 2005–2012 also a member of the Group Executive Board of the Vivendi Group

Key competencies

Frank Esser has international business, leadership and transformation experience in the telecommunications industry. In particular, he brings to the Board of Directors his expertise in the business and private customer segments and his experience in the areas of technology, mergers & acquisitions, strategy and human resources.

Sandra Lathion-Zweifel

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

Career history

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

Key competencies

Sandra Lathion-Zweifel brings her legal expertise to the Board of Directors as well as experience in the areas of mergers & acquisitions, banking and finance, asset management, strategy, human resources and ESG.

Anna Mossberg

Executive MBA for Growing Companies, Stanford Business School, Palo Alto; Executive MBA, IE University, Madrid; Master of Science in Industrial Engineering and Management, Luleå University of Technology

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 CEO, Bahnhof AB, Stockholm; 2012– 2014 Senior Vice President Strategy and Portfolio Management, Deutsche Telekom; 2015–2018 member of the Management Team, Google Ltd, Sweden; 2021–2022 Managing Director, Silo AI, Sweden

Key competencies

Anna Mossberg has international business and leadership experience in the telecommunications, media and entertainment sectors. In particular, she brings to the Board of Directors her expertise and experience in the areas of telecommunications, innovation, digitalisation, artificial intelligence (AI), finance, mergers & acquisitions, human resources and strategy in the private and business customer segments.

Daniel Münger
Certified NPO Manager

Career history
1983–1995 Various roles at PTT companies in cable installation and as a telecommunications specialist; 1996–2001 Various roles at the Swiss Metalworkers' and Watchmakers' Union (SMUV) and the Union of Construction and Industry (GBI); 2002–2023 syndicom: 2002–2009 Regional Director of the Communications Union (now syndicom); 2010–2014 Central Secretary of the ICT Sector; 2015–2016 Head of the Logistics Sector and member of the Management Board; 2016–2023 Chairman

Key competencies
Thanks to his professional experience and the many years he spent in the leadership of a personnel association, Daniel Münger brings his expertise particularly in the areas of telecommunications, transformation, finance and human resources to the Board of Directors.

Fritz Zurbrügg
Doctorate in Economics (Dr. rer. pol.)

Career history
1992–1994 Economist, International Monetary Fund (IMF); 1994–1998 Head of IMF and International Financing Section, Swiss Federal Finance Administration (FFA); 1998–2006 Senior Advisor and Executive Director of the Swiss Constituency, IMF Washington, D.C.; 2006–2012 FFA: 2006–2010 Head of the Fiscal Policy, Fiscal Equalisation and Financial Statistics Division, 2010–2012 Director of the FFA; 2012–2022 Swiss National Bank (SNB): 2012–2015 member of the Governing Board, 2015-2022 Vice-Chair of the Governing Board

Key competencies
Fritz Zurbrügg contributes his broad international experience and expertise in the fields of finance and risk management, as well as his management experience, to the Board of Directors.

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 relevant areas and broad experience.

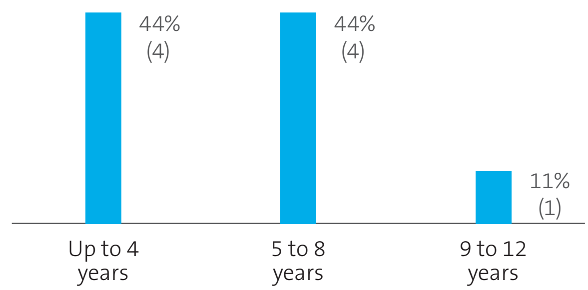
The following diagrams show the Board of Directors in terms of the members' competencies, terms of office and gender.

Board of Directors by career, experience, skills and knowledge

In % and (number of members) as of 31 December 2024

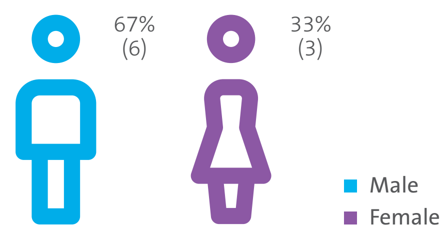
Board of Directors by length of term of office

In % and (number of members) as of 31 December 2024



Board of Directors by gender

In % and (number of members) as of 31 December 2024



Swisscom Ltd's Board of Directors thus already complies with gender representation requirements for the boards of directors of listed companies as set out in Swiss company law.

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, who were never a member of the external audit team as auditor-in-charge or who have not been a member of the external audit team as auditor-in-charge for at least two years, or 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. All, i.e. 100%, of the members of the Board of Directors are considered to be independent based on these criteria. The Swiss Confederation, represented on the Board of Directors by Fritz Zurbrügg, 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 204**

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, 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. Daniel Münger 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.

The flexible arrangement makes it possible for shareholders to extend the maximum term of office in exceptional cases if special circumstances exist. Members retire from the Board of Directors when they reach the age of 70. 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 search for 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 members of the Board of Directors assess the Board's performance and efficiency once a year in November based on a questionnaire available online. This self-evaluation asks them to assess both the work of the Board and the performance of the Chairman. The evaluation additionally covers the composition, organisation and work processes of the Board, responsibilities under the Organisational Rules and the priorities and goals for the reporting year. The Board of Directors meets to discuss the results of the survey in January and sets goals and measures for the current year. In 2022, the Board of Directors had a comprehensive, externally led assessment carried out for the first time in order to obtain an outside view of the Board and compare it with its peers. The committees also conduct an annual self-assessment as part of a discussion based on a questionnaire received in advance and define measures. The Chairman also conducts a one-on-one annual discussion with each member in which possibilities for further individual development are addressed.

Once a year, a one-day mandatory training course is held, most recently in January 2024. Occasional study trips are conducted, during which members of the Board of Directors familiarise themselves with companies, up-and-coming technologies, innovations and emerging business trends first hand. In October 2023, the Board of Directors organised a one-week study trip to South Korea and Japan. The members of the Board of Directors also have the opportunity to explore in depth the upcoming challenges facing the Group, business divisions and subsidiaries as part of 'company experience days', which usually take place three times a year. The majority of the Board members regularly take advantage of these opportunities. In addition, 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 two-day introduction, they are provided with an overview of Group management, Group strategy, the business and the current operational challenges. In addition, they attend function-related induction and training courses.

4.8 Chairman of the Board of Directors

Michael Rechsteiner has held the office of Chairman since 31 March 2021. The tasks and responsibilities of this function 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.

See **www.swisscom.ch/basicprinciples**

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 April, August, September and November) for a one- to two-day meeting. Further meetings are convened as business requires (ad-hoc meetings). In the event that the Chairman is hindered, the meeting is convened by the Vice-Chairman. The Chairman or the committee chairperson sets the agenda for the meetings of the Board of Directors. Any Board member may request the inclusion of further items on the agenda. The Board members receive the agenda and documentation approximately ten business days prior to the meetings, so that they can prepare. The CEO, the CFO and the Head of Group Security & Corporate Affairs always attend the Board meetings as well. At every ordinary meeting, the Chairman of the Board and the CEO report to the Board of Directors on particular events, on the general course of business and major business transactions and on any measures that have been implemented. In addition, the Board of Directors can invite 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. This ensures appropriate reporting to the members of the Board of Directors. In the year under review, the Board of Directors brought in external advisors in a project to assess individual issues.

The duties, responsibilities and working method 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.

See **www.swisscom.ch/basicprinciples**

The following table gives an overview of the Board of Directors' meetings and circular resolutions in 2024. Individual meetings were held by video conference.

	Meeting days	Ad-hoc meetings	Circular resolutions
Total	10	3	3
Average duration (in hours)	06:10	01:40	–
Participation:			
Michael Rechsteiner, Chairman	10	3	3
Roland Abt	10	3	3
Monique Bourquin	10	3	3
Alain Carrupt [1]	2	2	3
Guus Dekkers	10	3	3
Frank Esser, Deputy Chairman	10	3	3
Sandra Lathion-Zweifel	10	3	3
Anna Mossberg	10	3	3
Daniel Münger [2]	8	1	3
Fritz Zurbrügg	10	3	3

1 Left the Board of Directors on 27 March 2024.

2 Elected to the Board of Directors on 27 March 2024.

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 2024.

Board of Directors

Strategy & Investments Committee	Audit & ESG Reporting Committee	Compensation Committee	Ad-hoc Nomination Committee
Frank Esser [1]	Roland Abt [1]	Monique Bourquin [1]	Ad-hoc staffing
Guus Dekkers	Sandra Lathion-Zweifel	Roland Abt	
Anna Mossberg	Fritz Zurbrügg	Frank Esser	
Daniel Münger	Michael Rechsteiner	Fritz Zurbrügg	
Michael Rechsteiner		Michael Rechsteiner [2]	

1 Chairman/chairwoman of the Board of Directors committee.
2 No voting rights.

The Board of Directors has three standing committees (Strategy & Innovation, Audit & ESG Reporting and Compensation) and one ad-hoc committee (Nomination) tasked with carrying out detailed examinations of material issues. It may appoint further ad hoc committees as required. In accordance with the rules governing the standing 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 meeting minutes from the Strategy & Investments Committee as well as the Audit & ESG Reporting Committee. The minutes of the Compensation Committee and the Nomination Committees are sent to the other members of the Board of Directors upon request.

In 2023 and 2024, an ad-hoc committee headed by the Chairman Michael Rechsteiner looked at questions regarding the acquisition of Vodafone Italia in a total of nine meetings. Frank Esser, Roland Abt and Fritz Zurbrügg also took part. The meetings lasted 1 hour and 15 minutes on average. All committee members attended all meetings.

Strategy & Investments Committee

The Strategy & Investments Committee prepares information relating to corporate policy, strategy, transactions and investments for the Board of Directors. These matters include, by way of example, the Group strategy and the strategies pursued by key strategic Group companies, 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 Strategy & Investments 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 Strategy & Investments Committee rules of procedure.

See **www.swisscom.ch/basicprinciples**

The Strategy & Investments 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, the Head of Group Strategy & Business Development and the Head of Group Security & Corporate Affairs always participate in the Strategy & Investments Committee meetings. In 2024, 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 Strategy & Investments Committee did not call on any external advisors during the reporting year.

The following table gives an overview of the Strategy & Investments Committee's meetings and circular resolutions in 2024.

	Meetings	Ad-hoc meetings	Circular resolutions
Total	5	–	–
Average duration (in hours)	03:15	–	–
Participation:			
Frank Esser, Chairman	5	–	–
Alain Carrupt [1]	1	–	–
Guus Dekkers	5	–	–
Anna Mossberg	5	–	–
Daniel Münger [2]	4	–	–
Michael Rechsteiner	5	–	–

1 Left the Board of Directors on 27 March 2024.

2 Elected to the Board of Directors on 27 March 2024.

Audit & ESG Reporting Committee

The Audit & ESG Reporting 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, internal audits, data protection and security), external audit and both financial and non-financial reporting. It also handles matters dealt with by the Board of Directors that call for specific financial expertise (dividend policy, for example) and performs ESG (Environmental, Social and Governance) monitoring tasks. The Committee is the Board of Directors' most important controlling instrument and is responsible for monitoring Group-wide assurance. 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 rules of procedure of the Audit & ESG Reporting Committee.

See **www.swisscom.ch/basicprinciples**

The Audit & ESG Reporting Committee is composed of four independent members. The Chairman of the Committee is an expert in the financial field, and the majority of the members are experienced in finance and accounting. The Audit & ESG Reporting 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 Security & Corporate Affairs, Head of Accounting, Head of Internal Audit and the external auditors always attend the meetings. In 2024, the Board of Directors called upon other members of the Group Executive Board and Swisscom management to attend, depending on the agenda. The Audit & ESG Reporting Committee can also involve independent third parties such as lawyers, public accountants and tax experts as required. The Committee did not invite any external consultants to meetings during the reporting year.

The Chairman of the Audit & ESG Reporting 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 Committee also meet with the persons responsible for Fastweb's internal and external audits once a year to discuss the current challenges facing Fastweb.

The following table gives an overview of the Audit & ESG Reporting Committee's meetings and circular resolutions in 2024.

	Meetings	Ad-hoc meetings	Circular resolutions
Total	5	–	2
Average duration (in hours)	03:30	–	–
Participation:			
Roland Abt, Chairman [1]	5	–	2
Sandra Lathion-Zweifel	5	–	2
Michael Rechsteiner	5	–	2
Fritz Zurbrügg	5	–	2

1 Financial expert.

Compensation Committee

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

See report **page 122–137**

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 the 2024 financial year, the topic of succession in the Board of Directors was addressed by an ad-hoc Nomination Committee.

The following members of the ad-hoc Nomination Committee met once for 3 hours and 30 minutes:

- Michael Rechsteiner (Chair)
- Monique Bourquin
- Guus Dekkers
- Fritz Zurbrügg

All committee members attended the meeting.

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 determines the strategic, organisational, financial planning and accounting-related guidelines, including the tax and ESG strategy. It takes 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. The Federal Council defined the goals for the period from 2022 to 2025 in 2021.

See **www.swisscom.ch/ziele_2022-2025** (in German)

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 investments or divestments with a financial exposure in excess of CHF 50 million. The Board of Directors also has overall responsibility for ESG (environmental, social, governance) issues, approves the sustainability strategy as part of the corporate strategy and monitors its implementation. 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, 'Organisational Regulations' (function diagram). ESG governance is described in the Section Report on non-financial matters.

See **www.swisscom.ch/basicprinciples**
See report **page 61–62**

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 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 written 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 accounting principles and standards 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 recusal of a member from Board deliberations or confidentiality obligations. The Board of Directors is also informed immediately of any events of an exceptional nature.

The Board of Directors is responsible for establishing and monitoring the Group-wide assurance functions. These include risk management, the internal control system, compliance and internal audits.

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 maintains level-appropriate, comprehensive reporting and 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 the Head of Group Security & Corporate Affairs, works closely with the Controlling and Strategy departments, 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. In April and December, the Head of Risk Management provides the Board of Directors and the Audit & ESG Reporting Committee with information on significant risks, the potential effects and the status of the corresponding measures. In urgent cases, the Chairman of the Audit & ESG Reporting Committee is informed without delay about any significant new risks. Once a year, the Head of Risk Management consults with the Audit & ESG Reporting Committee (without management involvement).

The risk factors are described in the Risks section of the Management Commentary.

See report pages 55–57

Internal control system for 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 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, including the corrective actions defined, are reported in the status report to the Audit & ESG Reporting 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 & ESG Reporting Committee is informed without delay. Appropriate corrective measures to remedy the shortcomings are monitored by the Accounting unit. The Audit & ESG Reporting Committee assesses the performance and effectiveness of the ICS on the basis of the periodic reporting.

The internal control system for non-financial reporting is currently being set up. The 2024 Sustainability Impact Report was audited by SGS and compliance with the Global Reporting Initiative (GRI) was confirmed.

Compliance management

The Group-wide central Compliance Management System (CMS) is designed to prevent compliance violations in order to protect the Swisscom Group, its executive bodies and employees from legal sanctions, financial losses and reputational damage.

The CMS covers the following legal areas:

- Anti-corruption
- Money laundering and terrorism financing
- Data protection and confidentiality
- Antitrust law
- Telecommunications law
- Stock exchange law

Swisscom enhanced its CMS in line with the ISO 37301 standard in 2024. The Group's dedicated compliance functions as well as the compliance officers and compliance managers of the business divisions and fully consolidated subsidiaries provide support to the line for the ongoing implementation of the CMS in specific legal areas.

External auditors review the CMS for adequacy and effectiveness every four years. Furthermore, external auditors will continue to conduct a specific audit in the area of money laundering law on an annual or biennial basis.

Once a year, Group Compliance reports directly to the Audit & ESG Reporting Board of Director's committee and to the Board of Directors on its activities, compliance risk assessment and target achievement. In the event of significant changes in the assessment of compliance risks and in the event of potentially serious compliance violations, a timely report is sent to the Chairman of the Audit & ESG Reporting Committee and to the Chairman of the Board of Directors.

Further information on governance regarding the handling of data can be found in the 2024 Sustainability Impact Report.

See **www.swisscom.ch/basicprinciples**

See **www.swisscom.ch/sir2024**

Internal auditing

Internal auditing is carried out by the Internal Audit unit. Internal Audit supports the Swisscom Ltd Board of Directors and its Audit & ESG Reporting Committee in fulfilling their statutory and regulatory supervisory and controlling obligations. Internal Audit also supports management by highlighting opportunities for improving business processes and controls as well as 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 & ESG Reporting Committee. At an administrative level, Internal Audit provides reports to the Head of Group Security & Corporate Affairs. Once a year, the Head of Internal Audit consults with the Audit & ESG Reporting Committee (without management involvement).

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. Based on a risk analysis and in close coordination with the external auditors, Internal Audit prepares an audit plan annually and presents it to the Audit & ESG Reporting Committee for approval. Notwithstanding the above, the Audit & ESG Reporting Committee can commission special audits – and do so based on information received on the whistle-blowing platform operated by Internal Audit. This reporting procedure, which has been approved by the Audit & ESG Reporting Committee, allows complaints relating to external reporting and financial reporting, among other things, to be submitted anonymously to Internal Audit, which ensures that these will be followed up. At the meetings, which are held at least quarterly, the Audit & ESG Reporting Committee is briefed on audit findings, the reports submitted to the whistle-blowing platform and the implementation status of the audit plan. The Head of Internal Audit took part in all five meetings of the Audit & ESG Reporting Committee in 2024.

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. On 1 June 2024, Myriam Käser took over the management of the Group Communications & Responsibility business division from Stefan Nünlist, who stepped down from the Group Executive Board on this date. As of 1 September 2024, Mark Düsener was appointed the Head of IT, Network & Infrastructure, taking over from Gerd Niehage, who left the Group Executive Board at the end of August 2024. Changes to the Group Executive Board as at 1 April 2025 are set out in Section 2.1, 'Group structure'.

See report **page 92–94**

An overview of the composition of the Group Executive Board as at 31 December 2024 is given in the table below.

Name	Nationality	Year of birth	Function	Appointed to the Group Executive Board as of
Christoph Aeschlimann [1]	Switzerland	1977	CEO Swisscom Ltd	February 2019
Mark Düsener	Germany, USA	1974	Head of IT, Network & Infrastructure, CTIO	September 2024
Myriam Käser	Switzerland	1979	Head of Group Communications & Responsiblity	June 2024
Urs Lehner	Switzerland	1968	Head of Business Customers	June 2017
Isa Müller-Wegner	Switzerland, Germany	1977	Head of Group Strategy & Business Development	June 2023
Klementina Pejic	Germany	1974	Head of Group Human Resources, CPO	February 2021
Eugen Stermetz	Austria	1972	Head of Group Business Steering, CFO	March 2021
Martin Vögeli	Switzerland	1969	Head of Group Security & Corporate Affairs	April 2023
Dirk Wierzbitzki	Switzerland, Germany	1965	Head of Residential Customers	January 2016

1 Since June 2022 CEO.

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. The external mandates of the members of the Group Executive Board are disclosed in the Remuneration Report. 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 number of permissible external mandates and the definition of the term 'mandate', are set out in Article 9.3 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 their other significant activities by order of Swisscom.

See **www.swisscom.ch/basicprinciples**

See report **pages 135–137**

The members of the Group Executive Board are required to order their personal and business affairs to ensure that conflicts of interest are avoided as far as possible. They must take any action necessary for this. Should a conflict of interest nevertheless arise, the member concerned must inform the CEO and/or Chairman of the Board of Directors immediately. If the member of the Group Executive Board is subject to conflicting interests or has to safeguard such interests (conflict of interest), the CEO/Chairman of the Board makes a decision that is commensurate with the intensity of the conflict of interest in order to ensure that the interests of the company are safeguarded independently.

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.

Christoph Aeschlimann

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

Career history

2001–2004 Software Development Manager, Odyssey Asset Management Systems; 2006–2007 Business Unit Manager, Zühlke Group; 2007–2011 Odyssey Financial Technologies: 2007–2008 Area Services Manager, 2008–2011 Senior Account Manager EMEA; 2011–2012 Head of Switzerland and General Manager D-A-CH & CIS, BSB; 2012–2018 ERNI Group: 2012–2014 Business Area Manager, 2014–2017 Managing Director Switzerland, 2017–2018 CEO; since February 2019 Swisscom Ltd: 2019–June 2023 Head of IT, Network & Infrastructure and member of the Swisscom Group Executive Board, since June 2022 CEO and Chairman of the Group Executive Board

Mark Düsener

Degree in Communications Engineering, Technical University of Munich (TU), degree in Technology Management, Center for Digital Technology & Management (CDTM), TU Munich and Ludwig Maximilian University Munich

Career history

2000–2005 Technology Manager, Vodafone Group Strategy, Germany; 2005–2017 Vodafone, Germany: 2005–2007 Manager New Business Development, 2008–2010 Head of Technology at Otello, 2009–2011 Senior Manager Technology Strategy; 2011–2012 Head of Demand Management Consumer Applications, 2012–2015 Head of Service Delivery and Project Management Southern Germany, 2015–2017 Head of Strategic Planning, Partner & Carrier Management; 2017–2020 T-Systems International: 2017–2018 Senior Vice President Strategy, Portfolio & Transformation, 2018–2020 Senior Vice President Healthcare Solutions, 2019–2020 Managing Director Deutsche Telekom Healthcare and Security Solutions GmbH; since 2020 Swisscom: 2020–2024 Head of Mobile Network, Mobile Services & B2B Telco, since September 2024 CTIO, Head of the IT, Network & Infrastructure business division, Swisscom Ltd and member of the Group Executive Board

Myriam Käser

Master of Arts lic. phil. I

Career history

2003–2009 editor, International Relations and Security Network (ISN), ETH Zurich; 2009–2010 Chief Editor, International Relations and Security Network (ISN), ETH Zurich; 2010–2011 PR Project Manager, Bonhage PR, Bern; 2011–2014 Prime Communications, Zurich: 2011–2013 Communications Consultant, 2013–2014 Senior Consultant and member of the Management Board, 2015–2018 Chief Communications Officer (CCO), member of the Extended Management Board, NZZ Media Group, Zurich; 2018–2024 Chief Communications and Public Affairs Officer, member of the Management Board, Skyguide, Geneva; since June 2024, Swisscom Ltd, Head of Group Communications & Responsibility and member of the Group Executive Board

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 Trivadis Group Executive Board, 2008–2011 COO of Trivadis Group, 2011–2013 member of the Board of Directors of Trivadis Holding AG; 2011–2017 Swisscom (Switzerland) Ltd: 2011–2013 Head of Marketing & Sales Corporate Business, 2014–2015 Head of Marketing & Sales Enterprise Customers, 2016–2017 Head of Sales & Services Enterprise Customers; since June 2017 Swisscom Ltd: Head of Swisscom Enterprise Customers (called Enterprise Customers until 2019) and member of the Group Executive Board

Isa Müller-Wegner
MBA, Harvard Business School
MA PPE, Oxford University

Career history
1999–2002 Consultant, Arthur D. Little, London; 2002–2003 Business Strategist for Television, British Broadcasting Corporation, London; 2005–2007 Consultant, Bain & Company, London; 2007–2014 Principal, Bain & Company, Zurich; 2014–2019 ebay International Inc., Zurich: 2014–2015 Head of EMEA Strategy, 2015–2017 COO Emerging European Countries, 2017–2019 General Manager Emerging European Markets; 2019–2023 Executive Vice President, Bain Capital Private Equity, London; since June 2023 Swisscom Ltd: Head of Group Strategy & Business Development and member of the Group Executive Board

Klementina Pejic

MBA, Dortmund University of Applied Sciences; École Supérieure des Sciences Économiques et Commerciales ESSEC, Cergy-Pontoise, International Business M.A.

Career history

2001–2002 Consultant, Watson Wyatt AG, Zurich; 2003–2020 Clariant International AG: 2003–2004 Divisional HR Manager, 2005–2007 Global HR Business Partner, 2008–2009 Head Management Development Europe, 2010–2011 Head Global Talent Management, 2012–2013 Head Senior Management Development, 2014–2017 Head SMD & People Excellence, 2018–January 2021 Head Human Resources; since February 2021 Swisscom Ltd: CPO and member of the Group Executive Board

Eugen Stermetz

Degree in Business Administration (lic. oec.), University of St. Gallen; PhD in Social and Economic Sciences (Dr. rer. soc. oec.), Vienna University of Economics and Business

Career history

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

Martin Vögeli
Licentiate in Economics from the University of Bern/Master of Advanced Studies in Business Psychology from the University of Applied Sciences and Arts Northwestern Switzerland

Career history
Swisscom Ltd: 1998–2000 Head of Wholesale Regulatory, 2001–2005 Head of Risk Management, 2006 Head of the Related Business growth initiative project/designated Secretary of the Board of Directors, since 2007, Secretary of the Board of Directors, November 2013–2022 Head of Group Strategy & Board Services, since January 2023 Head of Group Security & Corporate Affairs, since April 2023 member of the Group Executive Board

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

Career history
1994–2001 various management roles in the area of product management, Mannesmann (now Vodafone Germany); 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 the Management Board, Residential Customers, 2010–2012 Head of Customer Experience Design for Residential Customers, 2013–2015 Head of Fixed-network Business & TV; since January 2016 Swisscom Ltd: until 2019 Head of Products & Marketing division, and since 2020 Head of Residential Customers; since 2016 member of the Group Executive Board

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 122–137**

7 Shareholders' rights of co-determination

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 4.5.1 of the Articles of Incorporation.

See **www.swisscom.ch/basicprinciples**

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. Further information on voting right restrictions are set out in Article 4.5 of the Articles of Incorporation.

See **www.swisscom.ch/basicprinciples**

The restrictions on voting rights provided for in the Articles of Incorporation may be lifted by resolution of the Annual General Meeting, for which a majority of the votes represented 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 votes represented. 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
- change in the Articles of Incorporation concerning special decision quorums

7.3 Convocation of the Annual General Meeting and agenda items

The Board of Directors can order that the Annual General Meeting be held either at a meeting venue or electronically without any physical venue (virtual event). The Board of Directors can also allow shareholders who are not present at the venue to exercise their rights electronically (hybrid event).

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 letter or by way of an electronic notice to the shareholders registered in the share register. One or more shareholders who together represent at least 5% 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 6.4.3 of the Articles of Incorporation).

See **www.swisscom.ch/basicprinciples**

7.4 Representation at the Annual General Meeting

Shareholders may be represented at the Annual General Meeting by their legal representative, a representative of their choosing 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 2025.

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 the independent proxy may issue instructions for each agenda item and also for all unannounced agenda items and motions using the forms prepared by the Board of Directors and indicate whether they wish to vote for or against a motion in line with the Board of Directors, or to abstain. The independent proxy must cast the votes entrusted to it by shareholders according to the shareholders' instructions. If it does not receive instructions, it will abstain (Article 6.7.4 of the Articles of Incorporation).

See **www.swisscom.ch/basicprinciples**

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 21 March 2024 were entitled to vote at the Annual General Meeting of 27 March 2024. Shareholders entered in the share register with voting rights as of 5 p.m. on 20 March 2025 will be entitled to vote at the Annual General Meeting of 26 March 2025.

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 122–137**

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 & ESG Reporting Committee. A new invitation to tender is issued for the statutory auditor's mandate at least every ten 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. PricewaterhouseCoopers (PwC), Zurich, has performed the mandate since the 2019 financial year. The auditor-in-charge has been Petra Schwick since 2023.

9.2 Audit fees and additional fees

In CHF thousand	**2024**	2023
Audit fees	3,860	3,281
Additional fees	919	1,895
Fees to auditors	**4,779**	**5,176**
Additional fees in % of audit fees	24%	58%

The additional fees for 2024 include services related to transaction consultancy, consultancy related to the remuneration system, reviews related to IT outsourcing orders from business customers, reviews related to issuing bonds, a review concerning the reporting on financial information, a review of individual financial information compilations and a review of reporting requirements for the outstanding green bonds. The audit fees for 2024 include services for planned sustainability reporting under the European CSRD/ESRS regulations in the amount of EUR 99,000.

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

The Audit & ESG Reporting 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. The Audit & ESG Reporting Committee 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. It approves the integrated strategic audit plan, which includes the annual audit plan of both the internal and external auditors. It also approves the fee for the auditing services provided to the Group and Group companies each year. To help ensure independence, the Audit & ESG Reporting 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 & ESG Reporting Committee where the fee exceeds CHF 300,000. It 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 & ESG Reporting Committee meetings. They inform the Committee in detail about 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 & ESG Reporting 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. Once a year, the auditor-in-charge consults with the Audit & ESG Reporting Committee (without management involvement). Finally, the Chairman of the Audit & ESG Reporting 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 meetings of the Audit & ESG Reporting Committee in 2024. The Head of Internal Audit was also present at all meetings. Neither the representatives of the statutory auditor nor the Head of Internal Audit attended the meetings of the full Board of Directors in 2024.

10 Information policy

Swisscom pursues an open, active information policy vis-à-vis shareholders, the general public and the capital markets. It uses the following media for this purpose:

Information	Frequency	Source
Notifications to shareholders	If required	Swiss Official Gazette of Commerce www.shab.ch or by letter or electronically (at the discretion of the Board of Directors)
Swisscom website	continuously	www.swisscom.ch
Interim reports and Annual Report (incl. Management Report, Corporate Governance Report, Remuneration Report, Report on non-financial Matters, Consolidated Financial Statements, condensed Financial Statements of Swisscom Ltd)	quarterly	www.swisscom.ch/adhoc
Complete financial statements of Swisscom Ltd	yearly	www.swisscom.ch/adhoc
Sustainability Impact Report in accordance with the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB)	yearly	www.swisscom.ch/sir2024
Analyst presentations on financial statements	quarterly	www.swisscom.ch/adhoc
Press releases	If required	www.swisscom.ch/adhoc
Ad-hoc press releases (push link)	If required	www.swisscom.ch/adhoc
Ad-hoc news subscription (pull link)		www.swisscom.com/adhoc-subscribe
Minutes of the General Meetings	yearly	www.swisscom.ch/generalmeeting

Those employees at Swisscom responsible for investor relations can be contacted via the website or by e-mail, telephone or post. Swisscom's website, contact details and the address of its headquarters are listed in the publishing details.

See report page 227

11 Financial calendar

Event	Date
Annual General Meeting for the 2024 financial year in Zurich Oerlikon	26 March 2025
Publication of results and interim report 1st quarter 2025	08 May 2025
Publication of results and interim report 2nd quarter 2025	07 August 2025
Publication of results and interim report 3rd quarter 2025	06 November 2025
Publication of annual results and annual report 2025	12 February 2026
Annual results press conference 2025	12 February 2026

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

See **www.swisscom.ch/financialcalendar**

12 Trading blackout periods

Swisscom defines ordinary and, if need be, extraordinary trading blackout periods for trading in Swisscom securities by the Board of Directors, Group Executive Board and employees (hereinafter collectively referred to as 'employees'). This is the responsibility of the internal clearing unit, which is made up of the CFO, the Head of Investor Relations and a specialist from Group Legal Services. The four ordinary trading blackout periods prior to the announcement of the company's figures are aimed at all employees who become aware of the unpublished company figures. The clearing unit maintains a corresponding insider list. Unless the clearing unit issues instructions to the contrary, the ordinary blackout periods last around four weeks and end 24 hours after the company figures are made public. The clearing unit informs the individuals affected of upcoming trading blackout periods in an e-mail sent out every year before the start of each trading blackout period. The details are also available on the intranet.

Extraordinary trading blackout periods are imposed by the clearing unit on an ad-hoc basis if other unpublished price-sensitive information arises. These apply to individuals with the relevant insider knowledge. The clearing unit maintains corresponding insider lists. The trading blackout periods last for the period specified by the clearing unit. They end 24 hours after the price-sensitive information is made public or when specified by the clearing unit. The clearing unit informs employees of any trading blackout periods imposed by e-mail.

The clearing unit makes decisions on any exceptions to the ordinary and extraordinary trading blackout periods on a case-by-case basis in the event of special circumstances. No exceptions were granted in the year under review.

Letter from the Chair of the Compensation Committee

Dear Shareholders

Swisscom is on track and achieved solid financial results in the 2024 reporting year. And it has achieved this in a time that continues to be shaped by uncertainty, geopolitical tensions, global economic challenges and technological and environmental change. With a relatively slight increase in revenue and slightly lower operating income, net income decreased. Fastweb, which is performing very well, represents an important contribution to our success. We are now further strengthening our position in Italy. The acquisition of Vodafone Italia is an important step for us and sets the course for future success.

Innovation and trust are the keywords for Swisscom's success. For example, during the year under review we launched an AI platform for business customers with Swiss AI Platform. Our customers can use it to develop their own KI solutions with guaranteed data storage in Switzerland. Another focus of innovation is the topic of digital trust. This includes Swisscom Sign, the only qualified electronic signature considered equivalent to a handwritten signature. In spring 2024, Swisscom expanded this range of services to companies so that they can electronically sign contracts and documents simply and with legal effect. Its outstanding infrastructure is and remains the foundation of Swisscom's success. We do everything we can to continue to offer our customers the best network. We succeeded in doing this in the year under review: Swisscom has once again won all the network and service tests.

In the year under review, the Compensation Committee took note of the results of the advisory vote on the 2023 Remuneration Report and thoroughly addressed the concerns raised by shareholders on disclosure of the achievement of targets and the lack of long-term incentive components in the remuneration system. We have increased transparency on the assessment of the achievement of targets in this Remuneration Report. This will provide you as shareholders with more detailed information to assess the appropriateness of the remuneration in relation to performance.

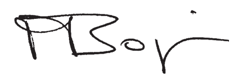
The Compensation Committee reviewed the Group Executive Board's remuneration system and evaluated ways in which it can configured in line with market standards and geared more strongly towards long-term performance and value generation for shareholders through a long-term incentive. Although the market relevance of a long-term incentive component has been clearly confirmed, the current remuneration system framework does not offer the flexibility to introduce such a component. However, the long-term component in the remuneration is supported by the stipulated minimum shareholding requirement. As such, the Compensation Committee proposed to the Board of Directors that the existing remuneration model be retained for 2025. In addition to financial performance, which is a key determinant of overall target achievement, this model also takes performance on issues related to business transformation into account. The variable performance-related salary component for members of the Group Executive Board will continue to be paid out in cash and blocked shares. This approach gears remuneration of the Group Executive Board towards strategy implementation and makes it possible to reward performance both appropriately and sustainably while taking into account Swisscom's responsibility to help promote society's positive development and to protect the environment.

Swisscom performed successfully in the year under review. Not only did it achieve a good financial result, it also achieved outstanding performance in business transformation, which the Board of Directors evaluated in its overall assessment. This results in overall target achievement of 117% for the members of the Executive Committee. Overall, the total remuneration for the members of the Board of Directors and the Group Executive Board for the 2024 reporting year is within the range approved by the 2023 Annual General Meeting.

Like every year, you, dear shareholders, will have an opportunity at the 2025 Annual General Meeting to cast your vote on Swisscom's remuneration principles and the remuneration system as part of the consultative vote on the Remuneration Report. In addition, you will vote on the maximum total remuneration paid to the Board of Directors and the Group Executive Board for the 2026 financial year. In the course of the successful acquisition of Vodafone Italia, the Swisscom Board of Directors will temporarily expand to 10 members from the 2025 Annual General Meeting onward. Laura Cioli, an established expert in the Italian telecommunications and services market, is nominated for election. A motion will therefore be proposed to the Annual General Meeting that the maximum remuneration already approved for the Board of Directors be increased by CHF 0.2 million to CHF 2.7 million for 2025. The maximum amount of CHF 2.8 million is proposed for 2026.

For the remuneration of the Group Executive Board, a reduction in the maximum amount already approved for the year 2025 of CHF 3.7 million to CHF 7.2 million, due to the reduction to four members as of 1 April 2025, will be submitted for approval. A maximum amount of CHF 5.9 million is proposed for the year 2026. To meet our responsibilities, the Compensation Committee will conduct reviews of the remuneration strategy and system again in the coming year to ensure that Swisscom's principles are aligned with the interests of shareholders and other stakeholders and that performance is rewarded both appropriately and sustainably. We look forward to your support and thank you for your trust.

Kind regards,



Monique Bourquin, Chair of the Compensation Committee

Remuneration Report

Remuneration	Group Executive Board	Board of Directors
Incentive	**CHF 10.5 million**	**CHF 2.4 million**
for sustainable corporate success.	in remuneration for 2024.	in remuneration for 2024.

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 734–734f of the Federal Act on the Amendment of the Swiss Civil Code (Swiss Code of Obligations). Swisscom is also guided by the recommendations of the Swiss Code of Best Practice for Corporate Governance 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'.

See **www.swisscom.ch/basicprinciples**

See **www.swisscom.com/amendment_cc**

As in previous years, the Remuneration Report will be put to a consultative vote at the Annual General Meeting on 26 March 2025.

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 6.7.13 and 6.7.14 of the Articles of Incorporation. Article 8.2.2 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 remuneration. In addition, the Articles of Incorporation contain the following provisions relating to the remuneration policy:

- Remuneration of the Board of Directors (Articles 7.4 and 9.1)
- Compensation Committee (Article 7.5)
- Remuneration of the Group Executive Board (Articles 8.2 and 9.1)
- Contracts of the Board of Directors and the Group Executive Board (Article 9.2)
- Number of external mandates for the Board of Directors and Group Executive Board (Article 9.3)

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 and the total remuneration of 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). In addition, it has addressed succession planning at the level of the Board of Directors, Group Executive Board and upper management, as well as talent management. 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.

See **www.swisscom.ch/basicprinciples**

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 the remuneration of newly appointed members of the Group Executive Board (Articles of Incorporation)	V	A	G
Personnel and remuneration policy	V	G [4]	–
Principles of the performance and shareholding plans for the Board of Directors and Group Executive Board (Articles of Incorporation)	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 Consultative 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 Rewards & Engagement and Head of Group Security & Corporate Affairs in his capacity as Secretary of the Board attend the meetings in an advisory capacity. Agenda items that exclusively concern the Board of Directors are discussed without the CEO and CPO present. Agenda items that concern changes in the remuneration of the CEO, the CPO or the Head of Group Security & Corporate Affairs are discussed without the persons concerned present. Other members of the Board of Directors, auditors or internal and external 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 reporting year, the Compensation Committee called on PwC as external consultants to review the remuneration system and highlight potential adjustments for the purposes of configuring the remuneration system in line with market standards with a long-term incentive component.

The details are governed by Article 7.5 of the Articles of Incorporation, the Organisational Rules of the Board of Directors and the Regulations of the Compensation Committee.

See **www.swisscom.ch/basicprinciples**

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.

See report **page 204**

The following table gives an overview of the composition of the Committee, the Committee meetings and circular resolutions in 2024.

	Meetings	Ad-hoc meetings	Circular resolutions
Total	3	1	–
Average duration (in hours)	02:25	01:15	–
Participation:			
Monique Bourquin, Chairwoman	3	1	–
Roland Abt	3	1	–
Frank Esser	3	1	–
Michael Rechsteiner [1]	3	1	
Fritz Zurbrügg	3	1	–

1 Participation without voting rights.

2 Remuneration of the Board of Directors

2.1 General 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 7.4 and 9.1 of the Articles of Incorporation.

See **www.swisscom.ch/basicprinciples**

The remuneration is made up of a fixed 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 to the occupational pension, as well as any additional benefits. Additional remuneration is not given for attendance at meetings. No variable performance-related emoluments are paid. The members of the Board of Directors are 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. The Board of Directors bases its comparison on companies listed in the Swiss Market Index (SMI), but excluding companies with revenue in excess of CHF 20 billion and companies in the pharmaceuticals and financial sector. The comparison for the 2024 reporting year was made in December 2023, and the remuneration of Compagnie Financière Richemont, Geberit, Givaudan, Logitech, Sonova and Sika were used as the benchmark. The internal comparative study revealed that the remuneration paid to the Chairman and members of the Board of Directors at Swisscom was in the lowest peer group quartile. In spring 2024, the Board of Directors engaged PwC to perform an external benchmark study. The peer group in the benchmark study comprised companies in the SMI and SMIM (excluding the pharmaceuticals and financial sectors) that were comparable in size to Swisscom in terms of market capitalisation, revenue and headcount. It comprised the following companies: ABB, Adecco, BKW, Geberit, Givaudan, Holcim, Kuehne+Nagel, Lonza, Richemont, Schindler, SGS, Sika and Sonova. The comparable companies had a median market capitalisation of CHF 26 billion, median revenue of CHF 11 billion and a median headcount of 34,000 employees. The benchmark study confirmed that the remuneration package for the Board of Directors was in the lowest quartile.

2.2 Remuneration components

Director's fee

The Director's fee is made up of a basic emolument and allowances as compensation for the individual functions. The following amounts are paid per year.

in CHF	2024 gross	2023 gross
Base salary per member	146,000	146,000
Functional allowances [1]		
Presidium	308,000	308,000
Vice presidium	25,000	25,000
Representative of the Confederation [2]	–	–
Audit Committee & ESG Reporting, Chair	61,000	61,000
Audit Committee & ESG Reporting, Member	17,000	17,000
Audit Committee Strategy & Investments, Chair	25,000	25,000
Audit Committee Strategy & Investments, Member	17,000	17,000
Remuneration Committee, Chair	25,000	25,000
Remuneration Committee, Member	15,000	15,000

1 No functional allowance is paid for participation in ad-hoc committees appointed on a case-by-case basis.

2 The function allowance of CHF 48 thousand was cancelled per 28 March 2023.

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 on a pro rata basis in March or April and in December of the reporting year, are recognised 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 March and December 2024, a total of 1,513 shares were allocated to the members of the Board of Directors (prior year: 1,446 shares) with a tax value of CHF 446 (March) and CHF 427 (December) (prior year: March CHF 495/December CHF 428), respectively, per share. Their market value was CHF 531 (March) and CHF 509 (December) (prior year: March CHF 590/December CHF 510), respectively, 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 (SI) and occupational pension plan (PP) 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 (see www.pk-complan.ch for the regulations) and their functional allowances are covered as part of a 1e plan with VZ Sammelstiftung. 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. 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.

2.3 Total remuneration (audited)

The total remuneration paid to the individual members of the Board of Directors for the 2023 and 2024 financial years is presented in the tables below, broken down into individual components. Total remuneration paid is within the maximum total amount approved by the 2023 Annual General Meeting for 2024 of CHF 2.5 million.

	Base salary and functional allowances				
2024, in CHF thousand	Cash remuneration	Share-based payment	Employer contributions to pension plan	Employer contributions to social security	**Total 2024**
Michael Rechsteiner, Chairman	335	200	64	28	627
Monique Bourquin	124	74	29	11	238
Roland Abt	159	95	–	12	266
Alain Carrupt [1]	39	–	–	2	41
Guus Dekkers [2]	109	65	–	21	195
Frank Esser [3]	152	91	–	–	243
Sandra Lathion-Zweifel	109	65	22	10	206
Anna Mossberg [4]	109	65	–	34	208
Daniel Münger [5]	83	50	20	8	161
Fritz Zurbrügg	119	71	28	11	229
Total remuneration to members of the Board of Directors	**1,338**	**776**	**163**	**137**	**2,414**

1 Left the Board of Directors on 27 March 2024. In the year of departure, the remuneration is paid out in full in cash.
2 Subject to social security contributions in Great Britain.
3 Subject to social security contributions in Germany. No employer contributions are paid.
4 Subject to social security contributions in Sweden.
5 Elected to the Board of Directors on 27 March 2024.

	Base salary and functional allowances				
2023, in CHF thousand	Cash remuneration	Share-based payment	Employer contributions to pension plan	Employer contributions to social security	Total 2023
Michael Rechsteiner, Chairman	335	200	64	28	627
Monique Bourquin [1]	93	57	21	9	180
Roland Abt	159	96	–	12	267
Alain Carrupt	109	65	–	8	182
Guus Dekkers [2]	109	65	–	21	195
Frank Esser [3]	152	91	–	–	243
Barbara Frei [4]	47	–	–	3	50
Sandra Lathion-Zweifel	109	65	22	10	206
Anna Mossberg [5]	109	65	–	44	218
Renzo Simoni [4]	57	–	8	3	68
Fritz Zurbrügg [1]	89	54	21	8	172
Total remuneration to members of the Board of Directors	**1,368**	**758**	**136**	**146**	**2,408**

1 Elected to the Board of Directors on 28 March 2023.
2 Subject to social security contributions in Great Britain.
3 Subject to social security contributions in Germany. No employer contributions are paid.
4 Left the Board of Directors on 28 March 2023. In the year of departure, the remuneration is paid out in full in cash.
5 Subject to social security contributions in Sweden. The employer contributions to social security include an additional payment for the years 2018 to 2022.

2.4 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 and legal 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.

2.5 Shareholdings of the members of the Board of Directors (audited)

Blocked and non-blocked shares held by members of the Board of Directors and/or related parties as at 31 December 2023 and 2024 are shown in the table below. None of the persons subject to the disclosure obligation hold voting shares exceeding 0.1% of the share capital.

Number	31.12.2024	31.12.2023
Michael Rechsteiner	1,713	1,324
Roland Abt	1,462	1,277
Monique Bourquin	335	191
Alain Carrupt [1]	n/a	940
Guus Dekkers	523	396
Frank Esser	1,675	1,498
Sandra Lathion-Zweifel	742	615
Anna Mossberg	850	723
Daniel Münger [2]	98	n/a
Fritz Zurbrügg	245	106
Total shares held by the members of the Board of Directors	**7,643**	**7,070**

1 Left the Board of Directors on 27 March 2024.

2 Elected to the Board of Directors on 27 March 2024.

3 Remuneration of the Group Executive Board

3.1 General 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 a car allowance) and retirement 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 9.1 of the Articles of Incorporation.

See www.swisscom.ch/basicprinciples

Remuneration system

Remuneration components and determining factors

	Remuneration		Assets
Instruments	**Fixed remuneration** Base salary Pension benefits Fringe benefits	**Variable remuneration** Performance-related component in cash and shares	**Minimum shareholding requirement** Requirement to hold a minimum amount of Swisscom shares
Influencing factors	Function, experience and qualifications, market	Achievement of annual performance targets	Long-term growth of enterprise value
Purpose	Employee recruitment, employee retention and protection	Focus on annual targets and sustainable corporate results	Alignment with shareholders' interests

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 the market value of individual functions, Swisscom relies on cross-sector 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 reporting year, Swisscom consulted a comparative study conducted by the consultancy firm Willis Towers Watson WTW in 2022. It covered 13 major companies domiciled in Switzerland from various sectors, with the exception of the financial and pharmaceutical sectors. These companies had median revenue of CHF 6 billion and a median headcount of 25,000 employees. The evaluation of the comparative study took into account the comparability of the extent of responsibility in terms of revenue, number of employees and international scope.

In spring 2024, the Board of Directors engaged PwC to provide external support for the review of the remuneration system for the Group Executive Board. To this end, the remuneration system and the remuneration of individual Group Executive Board functions were subjected to a comparison. The peer group in the benchmark study comprised companies in the SMI and SMIM (excluding the pharmaceuticals and financial sectors) that were comparable in size to Swisscom in terms of market capitalisation, revenue and headcount. It consisted of the following companies: ABB, Adecco, BKW, Geberit, Givaudan, Holcim, Kuehne+Nagel, Lonza, Richemont, Schindler, SGS, Sika and Sonova. The comparable companies had a median market capitalisation of CHF 26 billion, median revenue of CHF 11 billion and a median headcount of 34,000 employees. Both studies showed that the remuneration package for the Group Executive Board functions was in the lowest quartile of the relevant peer groups.

As a rule, the Compensation Committee reviews the individual remuneration paid to members of the Group Executive Board every three years of employment. Taking the comparative studies into account, the Board of Directors adjusted the salary paid to two members of the Group Executive Board in the year under review to reflect the experience and performance of these members and bring remuneration closer to the market level.

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 determined by the Compensation Committee, taking into account the performance evaluation by the CEO. If targets are exceeded, the performance-related bonus may amount to no more than 130% of the target bonus. 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 and achievement of targets for the variable performance-related salary component

The targets for the members of the Group Executive Board consist of financial targets as well as topics relating to the business transformation. The target structure therefore anchors long-term, strategic considerations such as strengthening the core business by offering the best customer experiences and the best infrastructure, realising new growth opportunities, and continuously developing operational excellence.

Overall target achievement also depends on the achievement of the minimum EBITDA requirement, referred to as the 'EBITDA threshold'. The EBITDA threshold is set annually by the Board of Directors in relation to the Group EBITDA target. Once the EBITDA threshold is reached, overall target achievement is measured based on financial target achievement and the evaluation of performance in topics related to business transformation (0% to 130%). If the EBITDA threshold is not reached, overall target achievement for the members of the Group Executive Board is 0% and no variable performance-related salary component is paid out.

Determination of target achievement

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

1. Financial targets		2. Business transformation		3. Overall target achievement
Revenue		Operating performance		(Depending on the achievement of the 'EBITDA threshold') between 0% and 130%
EBITDA margin	+/-	Customers	=	
Operating free cash flow		Growth		
Operating free cash flow Fastweb		Sustainability		

Financial targets

The financial 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 remain unchanged from the previous year, in line with the Group's continuing corporate strategy. The targets are based on the budget figures for the respective year under review. The financial targets include revenue, operating income before interest, taxes, depreciation and amortisation as a percentage of revenue (EBITDA margin), and an 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. are also measured on the basis of the Fastweb financial targets.

The Compensation Committee's decision is based on an assessment of the extent to which financial targets have been met using a scale for the overachievement and/or underachievement of each target. Deviations resulting from non-recurring items such as exchange rate fluctuations or transactions or mergers & acquisitions are neutralised here. The achievement of an individual target can vary from 0% to 200%. The achievement of the financial targets is determined according to the weighting of the individual targets and cannot exceed 200% overall.

Weighting of financial targets

Financial targets	Weighting of CEO and CFO	Weighting of other members of Group Executive Board
Revenue	24%	30%
EBITDA margin	24%	30%
Operating free cash flow	32%	40%
Operating free cash flow Fastweb	20%	0%

Business transformation

The topics relevant to Swisscom's long-term success are summarised under the term 'business transformation'. These topics strengthen the degree to which compensation is focused on shareholder interests, as they form the basis for comprehensively assessing Swisscom's performance, which is geared towards the long term. Operating performance is assessed based on indicators related to network and service stability and reputation. The topic of customers includes customer satisfaction as measured by the Net Promoter Score for residential and business customers; this is a recognised indicator of customer loyalty. The topic of growth is measured on the basis of innovation indicators and the implementation of strategic projects, while the new topic of sustainability includes indicators on employee satisfaction, diversity and Swisscom's contribution toward protecting the environment (CO_2 reduction; ESG criterion). This therefore incorporates Swisscom's responsibility to help promote society's positive development and to protect the environment into the remuneration system. Further information on customer satisfaction can be found in the Management Report. Further information on Swisscom's contribution to the environment and society can be found in the Sustainability Impact Report 2024.

See report **page 35**
See **www.swisscom.ch/sir2024**

The Compensation Committee uses key figures and deviations from the multi-year average or previous year to deliberate on performance with respect to the business transformation. It assesses the outcome at its own discretion on a scale of +/– 0 to 20 percentage points.

Business transformation topics

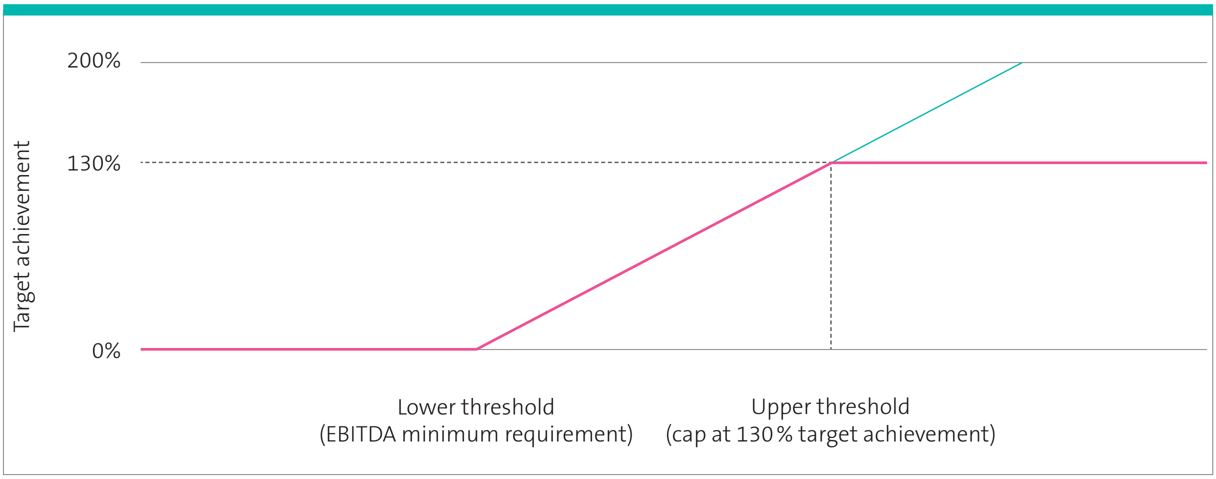
Securing long-term success

Business transformation	Topics	Assessment based among others on	
Operating performance	• Stability • Reputation	• Quantitative key figures per topic • Multi-year average • Previous year • Current year	**+/– 0 to 20 percentage points on financial target achievement**
Customers	• Customer satisfaction or net promoter score		
Growth	• Innovation or strategic projects		
Sustainability	• Employees • Environment		

Overall target achievement

Overall target achievement is calculated based on achievement of financial targets including or less the business transformation assessment. In order to ensure that this definition of overall target achievement appropriately describes the Group's performance and reflects shareholders' interests in terms of long-term value creation, the Compensation Committee may, in exceptional situations, exercise its discretion in determining the overall target achievement in order to appropriately depict actual management performance. In doing so, it may take into account certain special factors, e.g. currency fluctuations, extraordinary financial effects or unforeseen industry and market developments. 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.

Thresholds for overall target achievement



Payment of the variable performance-related salary component

The variable performance-related salary component for a given financial year is paid in March or 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. 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 likewise 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 year under review will be made in March 2025.

In March 2024, a total of 1,694 shares (prior year: 1,476 shares) with a tax value of CHF 446 (prior year: CHF 495) per share and a market value of CHF 531 (prior year: CHF 590) per share were allocated for the 2023 financial year to the members of the Group Executive Board. As an extraordinary trading blackout period was in effect at the time, the members of the Group Executive Board were not able to choose a higher share component for their variable performance-related salary component for the 2023 financial year. Only 25% of the variable performance-related salary component was paid in the form of Swisscom shares.

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 188–194**

Service-related benefits, non-cash benefits, and expenses are reported from a tax perspective. The members of the Group Executive Board are entitled to a car allowance. 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 (audited)

The following table shows the total remuneration paid to the members of the Group Executive Board for the 2023 and 2024 financial years, broken down into the different components and including the highest amount paid to one member. In the reporting year, the total remuneration for the Group Executive Board was CHF 10.5 million (previous year CHF 8.7 million), which is within the maximum total amount approved by the Annual General Meeting of CHF 10.9 million for 2024. The increase in the total remuneration paid to the Group Executive Board is mainly attributable to the expansion of the Group Executive Board from six to nine members in the previous year, which impacted the full reporting year for the first time. The highest remuneration amount is attributable to the CEO, Christoph Aeschlimann. This is 6% higher than the previous year, which is primarily due to the increased achievement of targets for the variable performance-related salary component. The variable performance-related salary component for members of the Group Executive Board (CHF 3.8 million in total) was around 88% of the base salary (CHF 4.3 million in total).

Remuneration of the Group Executive Board

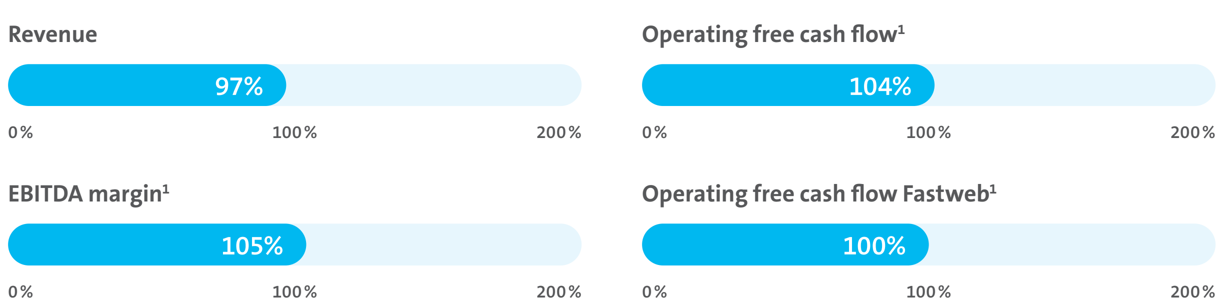
In CHF thousand	**Total Group Executive Board 2024** [5]	Total Group Executive Board 2023 [4]	**Thereof Christoph Aeschlimann 2024**	Thereof Christoph Aeschlimann 2023
Fixed base salary paid in cash	4,330	3,865	882	882
Variable performance-related remuneration paid in cash	2,226	2,196	361	486
Variable performance-related remuneration paid in shares [1]	1,570	871	430	193
Service-related and non-cash benefits	220	190	24	24
Employer contributions to social security [2]	708	636	145	139
Retirement benefits	1,079	951	130	130
Total remuneration to members of the Group Executive Board	**10,133**	**8,709**	**1,972**	**1,854**
Benefits paid following retirement from Group Executive Board [3]	331	–	–	–
Total remuneration paid to Group Executive Board, incl. benefits paid following retirement from Board	**10,464**	**8,709**	**1,972**	**1,854**

1 The shares are reported at market value and are blocked from sale for three years.
2 Employer contributions to social security (OASI, DI, EO and FZ, incl. administration costs, and daily sickness benefits and accident insurance) are included in the total remuneration.
3 Remuneration paid to fulfil contractual obligations during the notice period to members of Group Management who left during the reporting year.
4 6 Group Executive Board members until 31 March 2023; 9 Group Executive Board members from 1 April 2023.
5 9 members of the Group Executive Board. The expansion of the Group Executive Board in the previous year had an impact on the entire year for the first time.

Achievement of targets for the variable performance-related salary component in 2024 (not audited)

All in all, the Swisscom Group achieved its financial targets in the reporting year. The achievement of the individual financial targets is shown in the table below. In accordance with the weighting of the individual targets, this results in financial target achievement of 102% for the CEO and the other members of the Group Executive Board.

Financial target achievement



1 Adjusted for the effects of M&A transactions that were not included in the setting of the budget figures on which targets were based, particularly transaction and integration costs connected with the acquisition of Vodafone Italia.

The Compensation Committee used defined key figures and deviations from the multi-year average or previous year to assess performance in the individual business transformation topics. As before, the focus was largely on the Swiss business. The assessment of the individual topics is summarised in the following overview.

Business transformation performance

Dimension	Topic	KPIs	Board of Directors Compensation Committee assessment
Operating performance	Stability	• Customer perception of network stability • Number of incidents with customer impact after change • Number of major incidents with customer impact	Stability further increased with significant improvement in all incident KPIs. Major incidents were avoided. B2C and B2B customers rated network and service stability at an unchanged high level.
	Reputation	• Public perception according to RepTrak survey	Reputation slightly improved compared with the previous year's already high level and was rated at the highest level since measurements began.
Customers	Customer satisfaction	• Net Promoter Score for B2C and B2B (SMEs and large customers)	Swisscom significantly outperformed the NPS targets in both of the B2B customer segments. In the B2C division, the NPS was down in the second half of the year due to price increases. Swisscom also won all the relevant sales & service tests.
Growth	Growth and innovation	• Growth areas for revenue growth • Achievement of milestones Innovate for growth topics • Perception of innovation according to RepTrak (external & internal)	While the milestones in the strategic growth initiatives were achieved, revenue growth is below Swisscom's ambitious objectives. Swisscom continues to lead the field in terms of reputation for innovation compared to its competitors. In the overall assessment of the growth dimension, the Compensation Committee took account of the performance and the additional effort in the successful completion of the Vodafone Italia acquisition, which will create the basis for transformative growth.
Sustainability	Employees	• eNPS employee survey • Workplace perception RepTrak (internal) • Diversity KPIs (generation, gender, origin, inclusion)	Swisscom was recommended as an employer (eNPS) by the same high proportion of employees as in the previous year, and internal workplace perception further improved. Swisscom saw an increase in all diversity KPIs, although it did not fully achieve its ambitious targets. All employee KPIs are at their highest level of the last five years.
	Environment	• Scopes 1–3 CO_2 reduction • Scope 4 CO_2 reduction • Increase in energy efficiency	CO_2 emissions in Scopes 1–2 were further reduced and the targets exceeded; the Scope 3 targets were not achieved, but this was mainly due to exogenous factors. The indirect avoided emissions were maintained despite the downward trend in remote work and energy efficiency was further increased. With the order of 1,200 e-vehicles, the electrification of the vehicle fleet by 2030 has been initiated.

Overall target achievement

Financial target achievement		Business transformation performance		Overall target achievement
CEO: 102% Members of the Group EB: 102%	+/-	+15%	=	CEO: 117% Members of the Group EB: 117%

Based on the assessment of the individual topics, and using a scale of +/– 0 to 20 percentage points, the Compensation Committee assessed the business transformation performance at +15 percentage points, taking account of the Group Executive Board's performance and additional effort in conjunction with the acquisition of Vodafone Italia. The EBITDA threshold was reached. The overall target achievement, which consists of financial target achievement and the evaluation of business transformation performance as described, was 117% of the target bonus for the CEO and the other members of the Group Executive Board.

3.4 Minimum shareholding requirement

The members of the Group Executive Board are required to hold a minimum number 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 shareholding over four allocation periods The members of the Group Executive Board build up 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 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 (audited)

Blocked and non-blocked shares held by members of the Group Executive Board and/or related parties as at 31 December 2023 and 2024 are shown in the table below. None of the persons subject to the disclosure requirement held voting shares exceeding 0.1% of the share capital.

Number	**31.12.2024**	31.12.2023
Christoph Aeschlimann (CEO)	1,682	1,318
Mark Düsener [1]	195	n/a
Myriam Käser [2]	–	n/a
Urs Lehner	1,642	1,431
Isa Müller-Wegner	120	–
Gerd Niehage [3]	n/a	–
Stefan Nünlist [4]	n/a	346
Klementina Pejic	655	487
Eugen Stermetz	569	375
Martin Vögeli	799	660
Dirk Wierzbitzki	1,986	1,775
Total shares held by the members of the Group Executive Board	**7,648**	**6,392**

1 Elected to the Group Executive Board on 1 September 2024.
2 Elected to the Group Executive Board on 1 June 2024.
3 Left the Group Executive Board on 31 August 2024.
4 Left the Group Executive Board on 31 May 2024.

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 include a claw-back clause that stipulates 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 (audited)

4.1 Additional remuneration

Swisscom may pay remuneration to members of the Board of Directors for assignments in Group companies and assignments performed by order of Swisscom (Article 8.2 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 their related parties

In the year under review, no remuneration that was not at arm's length was paid to former members of the Board of Directors in connection with earlier activities as a member of a governing body of the company. 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 2024 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.

5 Activities at other companies (audited)

5.1 Board of Directors

As at 31 December 2024, the members of the Board of Directors and the Group Executive Board performed the following mandates and other significant activities at other companies:

Michael Rechsteiner

Mandates in listed companies

Since April 2024, member of the Board of Directors, the Audit, Risk & Compliance Committee and the Human Capital & ESG Committee of Sandoz Group AG, Risch

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

Member of the Board of Trustees of the ETH Foundation, Zurich

Mandates by order of Swisscom

Member of the Board of Directors and the Board Committee of economiesuisse

Other significant activities

–

Roland Abt

Mandates in listed companies

Member of the Board of Directors and chairman of the Audit Committee of Bystronic AG (formerly Conzzeta AG), Zurich

Mandates in non-listed companies

Mandates in Aargau Verkehr (AVA): Chairman of the Board of Directors of Aargau Verkehr AG, Aarau and Chairman of the Board of Directors of Limmat Bus AG, Dietikon; Chairman of the Board of Directors of Eisenbergwerk Gonzen AG, Sargans; until March 2024 member of the Board of Directors of Raiffeisenbank Zufikon

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

President of the Board of Trustees of Fürsorgestiftung Conzzeta, Zurich; President of the Board of Trustees of Pensionskasse Conzzeta, Zurich

Other significant activities

–

Monique Bourquin

Mandates in listed companies

Member of the Board of Directors, the Market Committee, the Compensation Committee and the Agricultural Council at Emmi AG, Lucerne; member of the Board of Directors and Chair of the Compensation Committee of Chocoladefabriken Lindt & Sprüngli AG, Kilchberg

Mandates in non-listed companies

Member of the Board of Directors of Kambly Holding AG, Trubschachen; member of the Board of Directors of W. Kündig & Cie AG, Zurich; President of the Board of the Swiss branded goods association Promarca, Bern; Rivella mandates: member of the Board of Directors of Rivella AG, Rothrist, member of the Board of Directors of Miroma AG, Rothrist; Chair of the Management Board of Euqinom GmbH, Rüdlingen; Managing Director of Estarog GmbH, Rüdlingen

Other significant activities

Member of the Advisory Board of Fondation Swiss Board Institute, Geneva; member of the Foundation Board of Schweizerische Stiftung für technische Entwicklungszusammenarbeit (Swiss Foundation for Technical Cooperation) Swisscontact, Zurich

Guus Dekkers

Mandates in listed companies

CTO and member of the Executive Committee, Tesco PLC, London

Other significant activities

Member of the Advisory Board of the Fraunhofer Institute for Secure Information Technology SIT, Darmstadt; member of the Advisory Board of the National Research Center for Applied Cybersecurity ATHENE, Darmstadt

Frank Esser

Mandates in listed companies

Chairman of the Board of Directors of SES S.A., Luxembourg

Other significant activities

–

Sandra Lathion-Zweifel

Mandates in non-listed companies

Member of the Board of Directors and the Audit Committee and Chair of the Nomination and Remuneration Committee of the Raiffeisen Switzerland Cooperative, St. Gallen

Other significant activities

Member of the Advisory Board of the CMTA – The Capital Markets and Technology Association, Geneva; member of the Executive Board of swissVR, Rotkreuz; member of the Advisory Board of the association Lucerne Dialogue, Lucerne

Anna Mossberg

Mandates in listed companies

Member of the Board of Directors, Remuneration & Sustainability Committee and Audit Committee of Swedbank AB, Stockholm; until April 2024 member of the Board of Directors and Chair of the Audit Committee of Orkla ASA, Oslo; member of the Board of Directors of Volvo Cars AB, Gothenburg

Mandates in non-listed companies

Member of the Board of Directors, the Nomination and Compensation Committee and the AI Advisory Board of Ringier AG, Zofingen; since June 2024 member of the Board of Directors of the Marshall Group, Stockholm

Other significant activities

Member of the Advisory Board of Axcel Management A/S, Copenhagen; member of the Strategic Advisory Board of the Boards Impact Forum

Daniel Münger

Mandates in non-listed companies

Member of the Northwestern Switzerland Regional Committee of COOP Genossenschaft

Other significant activities

Member of the federal Tripartite Commission, accompanying measures to the bilateral agreements with the EU (TPK FlaM)

Fritz Zurbrügg

Mandates in companies

–

Other significant activities

–

5.2 Group Executive Board

As at 31 December 2024, the members of the Group Executive Board performed the following mandates and other significant activities at other companies:

Christoph Aeschlimann

Mandates by order of Swisscom

Member of the Executive Board, Association Suisse des Télécommunications (asut), Bern; member of the Board of Trustees of the Swiss Entrepreneurs Foundation, Bern; until December 2024 member of the international Advisory Committee of the ZHAW School of Management and Law, Winterthur; member of the Board of IMD Foundation, Lausanne; since May 2024 President of the Board of Trustees of the Deeptech Nation Switzerland Foundation, Zurich

Other significant activities

Until December 2024 member of the Executive Board, Glasfasernetz Schweiz, Bern; member of the Steering Committee of digitalswitzerland Zurich; member of the Advisory Board of the Geneva School of Economics and Management at the University of Geneva; member of the Board of the Economic Society of the Canton of Bern (VWG Bern); member of the Board of Swiss-American Chamber of Commerce, Zurich

Mark Düsener

Mandates in companies

–

Other significant activities

–

Myriam Käser

Mandates in companies

–

Other significant activities

Since January 2025 member of the Executive Board of Glasfasernetz Schweiz, Bern; member of the Executive Board at HarbourClub Chief Communications Officers, Zurich

Urs Lehner

Mandate in non-listed companies

Since August 2024 member of the Board of Directors of Roth Gerüste AG, Gerlafingen

Other significant activities

Since March 2024 member of the Board of Directors of the Swedish Swiss Chamber of Commerce, Zurich

Isa Müller-Wegner

Mandates in companies

–

Other significant activities

Member of the Advisory Board of the Swiss Diversity Association, Zurich

Klementina Pejic

Mandate by order of Swisscom

Member of the Board of Trustees of the comPlan pension fund, Bern

Other significant activities

Member of the Institute Council of the international institute of management in technology (iimt) at the University of Fribourg, member of the Executive Board of the Swiss Employers' Association, Zurich

Eugen Stermetz

Mandate by order of Swisscom

Until December 2024 President of the Foundation Council of the comPlan pension fund, Bern

Other significant activities

–

Martin Vögeli

Mandate by order of Swisscom

Member of the Board of Directors of Creaholic SA, Biel

Other significant activities

–

Dirk Wiertzbitzki

Mandate by order of Swisscom

Member of the Board of Directors of SoftAtHome, Paris

Other significant activities

–

6 Gender representation (audited)

Three women sit on the Board of Directors and three on the Group Executive Board. The proportion of women is 33% in both boards. As at 31 December 2024, Swisscom thus complied with the legal requirements regarding the representation of both genders on the Board of Directors and the Group Executive Board.

Report of the statutory auditor

to the General Meeting of Swisscom Ltd, Ittigen

Report on the audit of the remuneration report

Opinion

We have audited the remuneration report of Swisscom Ltd (the Company) for the year ended 31 December 2024. The audit was limited to the information pursuant to article 734a-734f of the Swiss Code of Obligations (CO) in the sections marked 'audited' on pages 122 to 137 of the remuneration report.

In our opinion, the information pursuant to article 734a-734f CO in the remuneration report (pages 122 to 137) complies with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the remuneration report' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked 'audited' in the remuneration report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

Our opinion on the remuneration report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the remuneration report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the remuneration report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the remuneration report

The Board of Directors is responsible for the preparation of a remuneration report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a remuneration report that is free from material misstatement, whether due to fraud or error. It is also charged with structuring the remuneration principles and specifying the individual remuneration components.

Auditor's responsibilities for the audit of the remuneration report

Our objectives are to obtain reasonable assurance about whether the information pursuant to article 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this remuneration report.

PricewaterhouseCoopers AG, Birchstrasse 160, 8050 Zürich
Telefon: +41 58 792 44 00, www.pwc.ch

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the remuneration report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

PricewaterhouseCoopers AG

Petra Schwick	Arsim Arslani
Licensed audit expert Auditor in charge	Licensed audit expert

Zürich, 12 February 2025

Consolidated Financial Statements

Consolidated Financial Statements

Notes to the consolidated financial statements

Consolidated statement of comprehensive income

In CHF million, except for per share amounts	Note	2024	2023
Income statement			
Revenue	1.1	**11,036**	**11,072**
Direct costs	1.2	(2,972)	(2,906)
Personnel expense	1.2, 4.1	(2,749)	(2,680)
Other operating expense	1.2	(1,727)	(1,630)
Capitalised self-constructed assets and other income	1.2	767	766
Operating income before depreciation and amortisation		**4,355**	**4,622**
Depreciation, amortisation and impairment of property, plant and equipment, intangible assets and goodwill	3.2, 3.3, 3.4	(2,143)	(2,126)
Depreciation of right-of-use assets	2.3	(261)	(291)
Operating income		**1,951**	**2,205**
Financial income	2.4	167	30
Financial expense	2.4	(255)	(160)
Result of equity-accounted investees	5.4	(2)	–
Income before income taxes		**1,861**	**2,075**
Income tax expense	6.1	(320)	(364)
Net income		**1,541**	**1,711**
Other comprehensive income			
Actuarial gains and losses from defined benefit pension plans	2.1	(17)	(28)
Change in fair value of equity instruments	2.1, 6.3	163	43
Items that will not be reclassified to income statement		**146**	**15**
Foreign currency translation adjustments of foreign subsidiaries	2.1	5	(126)
Change in cash flow hedges	2.1	(11)	(10)
Items that may be reclassified to income statement		**(6)**	**(136)**
Other comprehensive income		**140**	**(121)**
Comprehensive income			
Net income		1,541	1,711
Other comprehensive income		140	(121)
Comprehensive income		**1,681**	**1,590**
Share of net income and comprehensive income			
Equity holders of Swisscom Ltd		1,542	1,711
Non-controlling interests		(1)	–
Net income		**1,541**	**1,711**
Equity holders of Swisscom Ltd		1,682	1,590
Non-controlling interests		(1)	–
Comprehensive income		**1,681**	**1,590**
Earnings per share			
Basic and diluted earnings per share (in CHF)	2.1	**29.77**	**33.03**

Consolidated balance sheet

In CHF million	Note	31.12.2024	31.12.2023
Assets			
Cash and cash equivalents		1,523	148
Trade receivables	3.1	2,892	2,143
Receivables from finance leases	2.3	47	46
Other operating assets	3.1	1,749	1,323
Other financial assets		68	50
Current income tax assets	6.1	82	1
Non-current assets held for sale		–	7
Total current assets		**6,361**	**3,718**
Property, plant and equipment	3.2	13,501	11,059
Intangible assets	3.3	6,124	1,737
Goodwill	3.4	6,298	5,172
Right-of-use assets	2.3	3,994	1,972
Equity-accounted investees	5.4	27	27
Receivables from finance leases	2.3	116	84
Other financial assets	2.5, 6.3	545	745
Defined benefit assets	4.3	–	11
Deferred tax assets	6.1	245	225
Total non-current assets		**30,850**	**21,032**
Total assets		**37,211**	**24,750**
Liabilities and equity			
Financial liabilities	2.2	1,639	718
Lease liabilities	2.3	622	227
Trade payables	3.1	2,685	1,611
Other operating liabilities	3.1	1,996	1,471
Provisions	3.5	221	115
Current income tax liabilities	6.1	286	203
Total current liabilities		**7,449**	**4,345**
Financial liabilities	2.2	12,260	4,947
Lease liabilities	2.3	3,014	1,688
Defined benefit obligations	4.3	53	21
Provisions	3.5	1,319	1,148
Deferred gain on sale and leaseback of real estate	2.3	77	81
Deferred tax liabilities	6.1	884	898
Total non-current liabilities		**17,607**	**8,783**
Total liabilities		**25,056**	**13,128**
Share capital		52	52
Capital reserves		136	136
Retained earnings	2.1	14,071	13,529
Foreign currency translation adjustments	2.1	(2,081)	(2,086)
Hedging reserves	2.1	(23)	(12)
Equity attributable to equity-holders of Swisscom Ltd		**12,155**	**11,619**
Non-controlling interests		–	3
Total equity		**12,155**	**11,622**
Total liabilities and equity		**37,211**	**24,750**

Consolidated statement of cash flows

In CHF million	Note	2024	2023
Net income		1,541	1,711
Income tax expense	6.1	320	364
Result of equity-accounted investees	5.4	2	–
Financial income	2.4	(167)	(30)
Financial expense	2.4	255	160
Depreciation, amortisation and impairment of property, plant and equipment, intangible assets and goodwill	3.2, 3.3	2,143	2,126
Depreciation of right-of-use assets	2.3	261	291
Gain on sale of property, plant and equipment	1.2	(26)	(6)
Loss on disposal of property, plant and equipment		–	1
Expense for share-based payments		1	1
Revenue from finance leases		(87)	(108)
Proceeds from finance leases		80	108
Change in deferred gain from the sale and leaseback of real estate	2.3	(4)	(4)
Change in operating assets and liabilities	3.1	(9)	(5)
Change in provisions	3.5	26	(124)
Change in defined benefit obligations	4.3	(5)	(31)
Interest received		102	7
Dividends received	5.4	1	9
Interest payments on financial liabilities	2.2	(112)	(84)
Interest payments on lease liabilities	2.3	(48)	(44)
Income taxes paid	6.1	(297)	(313)
Cash flow from operating activities		**3,977**	**4,029**
Purchase of property, plant and equipment and intangible assets	3.2, 3.3	(2,288)	(2,272)
Proceeds from sale of property, plant and equipment and intangible assets		44	10
Acquisition of subsidiaries, net of cash and cash equivalents acquired	5.2	(7,372)	(62)
Proceeds from sale of subsidiaries, net of cash and cash equivalents sold	5.2	2	2
Acquisition of equity-accounted investees	5.2	(2)	(3)
Purchase of other financial assets	2.2	(2,020)	(13)
Proceeds from other financial assets	2.2, 6.3	2,386	33
Other cash flows from investing activities		(29)	(17)
Cash flow used in investing activities		**(9,279)**	**(2,322)**
Issuance of financial liabilities	2.2	8,881	223
Repayment of financial liabilities	2.2	(641)	(471)
Repayment of lease liabilities	2.3	(267)	(270)
Dividends paid to equity holders of Swisscom Ltd	2.1	(1,140)	(1,140)
Dividends paid to non-controlling interests		–	(1)
Acquisition of non-controlling interests	5.2	(15)	–
Other cash flows from financing activities		1	(12)
Cash inflow (used in) from financing activities		**6,819**	**(1,671)**
Net increase in cash and cash equivalents		**1,517**	**36**
Cash and cash equivalents at 1 January		148	121
Foreign currency translation adjustments in respect of cash and cash equivalents		(142)	(9)
Cash and cash equivalents at 31 December		**1,523**	**148**

Consolidated statement of changes in equity

In CHF million	Share capital	Capital reserves	Retained earnings	Foreign currency translation adjustments	Hedging reserves	Equity attributable to equity holders of Swisscom	Non-controlling interests	**Total equity**
Balance at 1 January 2023	**52**	**136**	**12,942**	**(1,960)**	**(2)**	**11,168**	**3**	**11,171**
Net income	–	–	1,711	–	–	1,711	–	1,711
Other comprehensive income	–	–	15	(126)	(10)	(121)	–	(121)
Comprehensive income	**–**	**–**	**1,726**	**(126)**	**(10)**	**1,590**	**–**	**1,590**
Dividends paid	–	–	(1,140)	–	–	(1,140)	(1)	(1,141)
Other changes	–	–	1	–	–	1	1	2
Balance at 31 December 2023	**52**	**136**	**13,529**	**(2,086)**	**(12)**	**11,619**	**3**	**11,622**
Net income	–	–	1,542	–	–	1,542	(1)	1,541
Other comprehensive income	–	–	146	5	(11)	140	–	140
Comprehensive income	**–**	**–**	**1,688**	**5**	**(11)**	**1,682**	**(1)**	**1,681**
Dividends paid	–	–	(1,140)	–	–	(1,140)	–	(1,140)
Other changes	–	–	(6)	–	–	(6)	(2)	(8)
Balance at 31 December 2024	**52**	**136**	**14,071**	**(2,081)**	**(23)**	**12,155**	**–**	**12,155**

Notes to the consolidated financial statements

The financial report is a translation from the original German version. In case of any inconsistency the German version shall prevail.

General information and changes in accounting policies

General disclosures

The Swisscom Group (hereinafter referred to as Swisscom) provides telecom services. It operates mainly in Switzerland and Italy. The consolidated financial statements for the year ended 31 December 2024 comprise Swisscom Ltd, as the holding company, and its subsidiaries. Swisscom Ltd is a public limited company with special status under Swiss law and has its registered office in Ittigen (Bern). Its address is: Swisscom Ltd, Alte Tiefenaustrasse 6, 3048 Worblaufen. Swisscom is listed on the SIX Swiss Exchange. The number of issued shares is unchanged from the prior year and totals 51,801,943. The shares have a nominal value of CHF 1 and are fully paid-up. Each share entitles the holder to one vote. The majority shareholder of Swisscom Ltd remains, as in the prior year, the Swiss Confederation ('Confederation'). The Confederation is obligated by current law to hold the majority of the capital and voting rights. The Board of Directors of Swisscom approved the issuance of these consolidated financial statements on 12 February 2025. No material events after the reporting date have occurred to date. The consolidated financial statements are subject to approval by the shareholders of Swisscom Ltd at its Annual General Meeting to be held on 26 March 2025.

Takeover of Vodafone Italia

In March 2024, Swisscom signed a sales agreement with Vodafone Group Plc regarding the takeover of 100% of Vodafone Italia for a purchase price of EUR 8.0 billion (cash and debt-free). The transaction was completed after all the regulatory approvals were received on 31 December 2024. Further information on the transaction can be found in Note 5.3. Until completion of the transaction, Swisscom only had restricted access to information on Vodafone Italia. For this reason and due to the short period of time between transaction completion and preparation of the consolidated financial statements for 2024, it was not possible for Swisscom to determine or, therefore, disclose all the information for disclosure under IFRS Accounting Standards. Where disclosure was not practical, this was noted accordingly.

Basis of preparation

The consolidated financial statements of Swisscom have been prepared in accordance with the IFRS Accounting Standards (IFRS), and in compliance with the provisions of Swiss law. The reporting period covers twelve months. The consolidated financial statement is presented in Swiss francs (CHF), which corresponds to the functional currency of Swisscom Ltd. Unless otherwise noted, all amounts are stated in millions of Swiss francs. The consolidated financial statements are drawn up on the historical cost basis, unless a standard or interpretation prescribes another measurement basis for a particular line item, in which case this is explicitly stated in the accounting policies. Material accounting policies of relevance for an understanding of the consolidated financial statements are set out in the specific notes to the financial statements.

Significant judgements, estimates and assumptions in applying the accounting policies

The preparation of consolidated financial statements is dependent upon assumptions and estimates being made in applying the accounting policies, for which management can exercise a certain degree of judgement. In particular, this concerns the following positions.

Description	Further information
Leases	Note 2.3
Property, plant and equipment	Note 3.2
Intangible assets	Note 3.3
Goodwill	Note 3.4
Provisions for dismantlement and restoration costs	Note 3.5
Provision for regulatory and competition law procedures	Note 3.5
Defined benefit plans	Note 4.3

Amendments to IFRS Accounting Standards and Interpretations which are to be applied for the first time in the financial year

Standard	Name
Amendments to IFRS 16	Lease liability in a sale and leaseback transaction
Amendments to IAS 1	Classifying liabilities as current or non-current
Amendments to IAS 7	Supplier finance arrangements

As of 1 January 2024, Swisscom adopted amendments to existing IFRS Accounting Standards that have no material impact on the results or financial position of the Group. Further information regarding the changes to the IFRS Accounting Standards which must be applied in 2025 or later are set out in Note 6.4.

Voluntary changes in accounting policies

Swisscom reviewed the classification and presentation of direct and indirect costs. The review resulted in the introduction of changes, primarily to the way purchased network services are classified and presented, from 2024 onwards. This improves the presentation of the operating expenses for the financial management of Swisscom's operating units and increases comparability with the peer group from the telecommunications sector. The previous year was adjusted accordingly. The change increases direct costs, and reduces indirect costs, by CHF 181 million each for the financial year 2023.

1 Operating performance

This chapter sets out information on the operating performance of Swisscom in the current financial year. The classification according to operating segments corresponds to the reporting system used internally to evaluate performance and allocate resources as well as to Swisscom's management structure.

1.1 Segment information

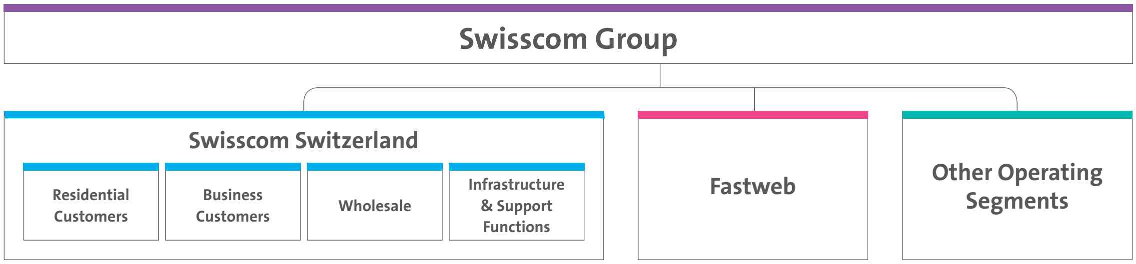
Changes in segment reporting

With effect from 1 January 2024, Swisscom reallocated various divisions and central costs to the segments within Swisscom Switzerland. In addition, the TV-related Swisscom Broadcast operating division (Other Operating Segments) was shifted to the Residential Customers segment within Swisscom Switzerland.

The prior year's figures have been restated as follows:

In CHF million	Reported	Adjustment	Restated
Revenue 2023 financial year			
Residential Customers	4,502	3	4,505
Business Customers	3,098	(15)	3,083
Wholesale	542	(1)	541
Infrastructure & Support Functions	73	–	73
Elimination	(69)	14	(55)
Swisscom Switzerland	**8,146**	**1**	**8,147**
Fastweb	2,561	–	2,561
Other Operating Segments	1,075	(12)	1,063
Elimination	(710)	11	(699)
Total revenue	**11,072**	**–**	**11,072**
Operating income before depreciation and amortisation (EBITDA) 2023 financial year			
Residential Customers	2,979	28	3,007
Business Customers	1,358	(13)	1,345
Wholesale	326	(1)	325
Infrastructure & Support Functions	(963)	(6)	(969)
Intersegment elimination	1	–	1
Swisscom Switzerland	**3,701**	**8**	**3,709**
Fastweb	776	–	776
Other Operating Segments	153	(8)	145
Elimination	(8)	–	(8)
Total EBITDA	**4,622**	**–**	**4,622**

General disclosures



Segment	Activity
Residential Customers	The Residential Customers segment provides mobile and fixed-network services to residential customers in Switzerland, such as telephony, broadband, TV and mobile offerings. The segment also includes the sale of terminal equipment.
Business Customers	The Business Customers segment focuses on telecom services and overall communications solutions for business customers in Switzerland. Its offering in the area of business ICT infrastructure covers the entire range from individual products to complete solutions.
Wholesale	This segment incorporates the use of the Swisscom fixed-line and mobile network by other telecommunications service providers and the use of external networks by Swisscom. In addition, Wholesale includes roaming by foreign operators whose customers use the Swisscom mobile network, as well as broadband services and regulated access services to the access network
Infrastructure & Support Functions	The segment Infrastructure & Support Functions is responsible for the planning, operation and maintenance of Swisscom's network infrastructure and all IT systems. It is responsible for the development and production of IT and network services in Switzerland. In addition, Infrastructure & Support Functions also includes Group-wide support functions such as finance, human resources or strategy as well as the management of real estate and the vehicle fleet in Switzerland.
Fastweb	Fastweb provides broadband and mobile services to residential, business and wholesale customers in Italy. The offering includes telephony, broadband and mobile offerings. For business customers, Fastweb offers comprehensive ICT solutions.
Other Operating Segments	Other Operating Segments mainly comprises Swisscom Directories Ltd (localsearch), which operates in the field of online directories, cablex Ltd, which provides services in the building, maintenance and operation of of high-performing ICT and network infrastructure solutions, and Swisscom Broadcast Ltd, which is the leading provider in Switzerland of broadcast services, of cross-platform retail media services, and of security communications.

Reporting is divided into the following segments: Residential Customers, Business Customers, Wholesale, and Infrastructure & Support Functions, which are grouped under Swisscom Switzerland, as well as Fastweb and Other Operating Segments. Vodafone Italia was not assigned to an operating segment as of 31 December 2024.

For its services, the Infrastructure & Support Functions segment does not charge any network costs or management fees whatsoever to other segments. The remaining services between the segments are charged at market prices. The results of the Residential Customers, Business Customers and Wholesale segments thus correspond to a contribution margin before network costs.

Segment expense encompasses the direct costs, personnel expense and other indirect costs, which include other operating costs less capitalised costs of self-constructed assets and other income. Pension cost includes ordinary employer contributions. The difference between the ordinary employer contributions and the pension cost as provided for under IAS 19 is reported in the elimination column. The Eliminations column in the segment result, which totals CHF –24 million (prior year: CHF –8 million), includes income of CHF 25 million (prior year: CHF 37 million) as a pension cost reconciliation item in accordance with IAS 19.

Leases between the segments are not recognised in the balance sheet in accordance with IFRS 16. The reported lease expense of the segments comprises depreciation and interest on right-of-use assets excluding depreciation of prepaid indefeasible rights of use (IRU) of CHF 18 million (prior year: CHF 18 million), no impairment losses on right-of-use assets (prior year: CHF 29 million) and the accounting for the rental of buildings between segments. The lease expense of low value assets is presented as direct costs.

Capital expenditure consists of the purchase of property, plant and equipment and intangible assets and payments for indefeasible rights of use (IRU). In general, IRU are paid in full at the beginning of the usage period. If the criteria of IFRS 16 are met, they are classified as a lease. From an economic point of view, pre-paid IRU will be considered as capital expenditure in the segment information. IRU payments in 2024 amounted to CHF 24 million (prior year: CHF 20 million).

Swisscom Switzerland sometimes sells mobile handsets at a subsidised rate as part of a bundled offering with a mobile contract. As a result of the reallocation of revenue over the pre-delivered components (mobile handset), revenue is recognised earlier than the date of invoicing. This results in contract assets deriving from this business being recognised. In the segment reporting of Swisscom Switzerland, the recognition and derecognition of these contract assets is reported as other revenue. The amounts invoiced are reported under revenue from telecoms services or merchandise.

On 31 December 2024, Swisscom completed the acquisition of Vodafone Italia. With the completion of the transaction, costs of EUR 176 million (CHF 167 million) were recorded in Swisscom's 2024 consolidated financial statements in operating income before depreciation and amortisation (EBITDA) as other operating expenses, of which EUR 104 million (CHF 99 million) was recorded as recognition of other provisions and EUR 72 million (CHF 68 million) as impairment losses relating to operating assets. These costs relate to the planned exit from existing MVNO and mobile network sharing agreements in connection with the migration of Fastweb mobile customers to the Vodafone Italia network. See Notes 3.1 and 3.5.

In the previous year, Fastweb reviewed its strategy for the establishment of a fixed wireless access (FWA) network and decided to adjust this strategy at the end 2023. FWA expansion going forward will use the company's own 5G network infrastructure based on an agreement with WindTre. By contrast, the previous strategy of establishing a dedicated FWA network outside of those areas with optical fibre access (FTTH) was abandoned. The strategic adjustment resulted in expenses of EUR 61 million (CHF 60 million) being recognised in Fastweb's operating income before depreciation and amortisation (EBITDA) in 2023. Impairment losses were also recognised on property, plant and equipment and on right-of-use assets. See Notes 2.3 and 3.2.

Segment information 2024

2024, in CHF million	Swisscom Switzerland	Fastweb	Other Operating Segments	Elimi-nation	Total
Residential customers	4,357	1,113	–	–	5,470
Business customers	3,072	1,188	427	–	4,687
Wholesale customers	514	365	–	–	879
External revenue	**7,943**	**2,666**	**427**	**–**	**11,036**
Intersegment revenue	63	6	684	(753)	–
Revenue	**8,006**	**2,672**	**1,111**	**(753)**	**11,036**
Direct costs	(1,635)	(1,325)	(79)	67	(2,972)
Personnel expense	(2,128)	(226)	(425)	30	(2,749)
Other indirect costs	(682)	(450)	(460)	632	(960)
Operating income before depreciation and amortisation (EBITDA)	**3,561**	**671**	**147**	**(24)**	**4,355**
Depreciation, amortisation and impairment of property, plant and equipment, intangible assets and goodwill					(2,143)
Depreciation of right-of-use assets					(261)
Operating income (EBIT)					**1,951**
Financial income					167
Financial expense					(255)
Result of equity-accounted investees					(2)
Income before income taxes					**1,861**
Income tax expense					(320)
Net income					**1,541**
EBITDA	3,561	671	147	(24)	4,355
Lease expense	(232)	(48)	(11)	–	(291)
EBITDA after lease expense (EBITDAaL)	**3,329**	**623**	**136**	**(24)**	**4,064**
Capital expenditure	(1,725)	(597)	(39)	49	(2,312)
Operating free cash flow	**1,604**	**26**	**97**	**25**	**1,752**

Segment information Swisscom Switzerland 2024

2024, in CHF million	Residential Customers	Business Customers	Whole-sale	Infrastructure & Support Functions	Elimi-nation	Total Swisscom Switzerland
Fixed-line	1,968	791	–	–	–	2,759
Mobile	1,827	703	–	–	–	2,530
Telecom services	**3,795**	**1,494**	**–**	**–**	**–**	**5,289**
IT services	–	1,191	–	–	–	1,191
Merchandise	448	353	–	–	–	801
Wholesale	–	–	514	–	–	514
Revenue other	114	18	–	16	–	148
External revenue	**4,357**	**3,056**	**514**	**16**	**–**	**7,943**
Intersegment revenue	15	40	10	59	(61)	63
Revenue	**4,372**	**3,096**	**524**	**75**	**(61)**	**8,006**
Direct costs	(791)	(745)	(222)	(1)	124	(1,635)
Personnel expense	(304)	(896)	(14)	(914)	–	(2,128)
Other indirect costs	(280)	(179)	3	(162)	(64)	(682)
Operating income before depreciation and amortisation (EBITDA)	**2,997**	**1,276**	**291**	**(1,002)**	**(1)**	**3,561**
Capital expenditure	(37)	(39)	–	(1,648)	(1)	(1,725)

Segment information 2023

2023, in CHF million, restated	Swisscom Switzerland	Fastweb	Other Operating Segments	Elimi-nation	Total
Residential customers	4,490	1,132	–	–	5,622
Business customers	3,069	1,103	427	–	4,599
Wholesale customers	530	321	–	–	851
External revenue	**8,089**	**2,556**	**427**	**–**	**11,072**
Intersegment revenue	58	5	636	(699)	–
Revenue	**8,147**	**2,561**	**1,063**	**(699)**	**11,072**
Direct costs	(1,705)	(1,183)	(82)	64	(2,906)
Personnel expense	(2,081)	(220)	(421)	42	(2,680)
Other indirect costs	(652)	(382)	(415)	585	(864)
Operating income before depreciation and amortisation (EBITDA)	**3,709**	**776**	**145**	**(8)**	**4,622**
Depreciation and amortisation of property, plant and equipment and intangible assets					(2,126)
Depreciation of right-of-use assets					(291)
Operating income (EBIT)					**2,205**
Financial income					30
Financial expense					(160)
Result of equity-accounted investees					–
Income before income taxes					**2,075**
Income tax expense					(364)
Net income					**1,711**
EBITDA	3,709	776	145	(8)	4,622
Lease expense	(225)	(54)	(11)	2	(288)
EBITDA after lease expense (EBITDAaL)	**3,484**	**722**	**134**	**(6)**	**4,334**
Capital expenditure	(1,690)	(606)	(40)	44	(2,292)
Operating free cash flow	**1,794**	**116**	**94**	**38**	**2,042**

Segment information Swisscom Switzerland 2023

2023, in CHF million, restated	Residential Customers	Business Customers	Whole-sale	Infrastructure & Support Functions	Elimi-nation	Total Swisscom Switzerland
Fixed-line	2,004	819	–	–	–	2,823
Mobile	1,852	726	–	–	–	2,578
Telecom services	**3,856**	**1,545**	**–**	**–**	**–**	**5,401**
IT services	–	1,154	–	–	–	1,154
Merchandise	503	332	–	–	–	835
Wholesale	–	–	530	–	–	530
Revenue other	131	23	–	15	–	169
External revenue	**4,490**	**3,054**	**530**	**15**	**–**	**8,089**
Intersegment revenue	15	29	11	58	(55)	58
Revenue	**4,505**	**3,083**	**541**	**73**	**(55)**	**8,147**
Direct costs	(874)	(708)	(239)	–	116	(1,705)
Personnel expense	(305)	(868)	(14)	(894)	–	(2,081)
Other indirect costs	(319)	(162)	37	(148)	(60)	(652)
Operating income before depreciation and amortisation (EBITDA)	**3,007**	**1,345**	**325**	**(969)**	**1**	**3,709**
Capital expenditure	(49)	(59)	–	(1,582)	–	(1,690)

Disclosure by geographical regions

In CHF million	2024 Revenue	2024 Non-current assets	2023 Revenue	2023 Non-current assets
Switzerland	8,363	16,843	8,516	16,576
Italy	2,666	13,091 [1]	2,556	3,382
Other countries	7	10	–	9
Not allocated	–	906	–	1,065
Total	**11,036**	**30,850**	**11,072**	**21,032**

1 Incl. Vodafone Italia. See Note 5.3.

Disclosure by products and services

In CHF million	2024	2023
Telecom services	7,445	7,500
IT services	1,191	1,184
Merchandise	801	930
Wholesale	879	851
Revenue other	720	607
Total revenue	**11,036**	**11,072**

Accounting policies

Telecoms services

Telecoms services encompass mobile and fixed-network services both in Switzerland and abroad. Mobile phone services comprise the basic charges; in addition, they include domestic and international cellular traffic by Swisscom customers within Switzerland and abroad. Swisscom offers subscriptions with a monthly flat-rate subscription, the revenue for which is recognised on a straight-line basis over the minimum term of the contract. Depending on the type of subscription, revenue is also recognised on the basis of the minutes used. The minimum contract term is generally 12 or 24 months. If a mobile handset is sold as part of a bundled offering with a subscription, it is considered a multi-element contract. Similar multi-element contracts are grouped into portfolios for revenue accounting. The total transaction price for multi-element contracts is allocated to each identified performance obligation on the basis of relative stand-alone selling prices. The stand-alone selling prices of mobile handsets and subscriptions correspond to Swisscom's list price and the minimum contract term. Non-refundable connection fees which do not constitute a separate performance obligation are considered as part of the total transaction price and allocated to the separate performance obligations arising under the customer contract on a pro rata basis. In the event that there is no minimum contract term, the revenue is recognised at the time of connection. Fixed-network services principally comprise the basic charges for fixed telephony, broadband and TV connections, as well as the domestic and international telephony traffic of individuals and corporate customers. In addition, Swisscom makes bundled offerings comprising broadband and TV connections with an optional fixed-line telephony connection. These subscription fees are flat rate. The minimum contract term is twelve months. Revenues are recognised on a straight-line basis over the term of the contract. Revenue for telephone calls is recognised at the time when the calls are made.

IT services

The service area of communications and IT solutions (IT service) principally comprises advisory services and the implementation, maintenance and operation of communication infrastructures. Furthermore, the area includes applications and services, as well as the integration, operation and maintenance of data networks and outsourcing services. Revenue from customer-specific orders is recognised using a measure of progress method, which is measured on the basis of the relationship of the costs incurred to total anticipated costs. Revenue arising on long-term outsourcing contracts is recognised as a function of performance to date provided to the customer. The duration of these contracts is generally between three and seven years. Transition projects in connection with an outsourcing contract are not recorded as separate performance obligations. Maintenance revenues are recognised on a straight-line basis over the term of the maintenance contracts. Variable consideration is only included in the transaction price if it is highly probable that no significant revenue reversals will occur in the future.

Sales of merchandise

Mobile handsets, fixed-line devices and miscellaneous supplies are recognised as revenue at the time of delivery or provision of the service. Swisscom sells routers and TV-Boxes to be used for services provided by Swisscom. As these devices are only compatible with the Swisscom network and cannot be used for networks of other telecommunications service providers, they are not recorded as separate performance obligations. Revenue is deferred and recognised over the minimum contract term of the related broadband or TV subscription.

Wholesale

The services principally comprise leased lines and the use of the Swisscom fixed network by other telecommunications service providers (roaming). Leased-line charges are recognised as revenue on a straight-line basis over the terms of the contract. Roaming services are recognised as revenue on the basis of the call minutes or as contractually agreed charges as of the time of providing the service, taking market conditions and other entity-specific factors into account. When determining the fair value for the recognition of revenue and costs for individual roaming contracts that contain minimum guarantees, in addition to the contractually agreed prices, Swisscom also takes into account company-specific factors and market conditions. Roaming services charged to other telecommunications service providers are reported on a gross basis.

1.2 Operating expense

Direct costs

In CHF million	2024	2023
Customer premises equipment and merchandise	988	1,007
Services purchased	696	623
Costs to obtain a contract	219	225
Costs to fulfil a contract	73	86
Network access costs of Swiss subsidiaries	217	240
Network access costs of foreign subsidiaries	779	725
Total direct costs	**2,972**	**2,906**

Indirect costs

In CHF million	2024	2023
Salary and social security expenses	2,686	2,613
Other personnel expense	63	67
Total personnel expense [1]	**2,749**	**2,680**
Information technology cost	291	289
Maintenance expense	268	286
Energy costs	175	158
Advertising and selling expenses	160	168
Consultancy expenses and freelance workforce	112	97
Rent network capacities	136	109
Call centre services purchased	109	117
Administration expense	34	33
Allowances for receivables and contract assets	53	70
Miscellaneous operating expenses	389	303
Total other operating expense	**1,727**	**1,630**
Capitalised self-constructed tangible and intangible assets	(600)	(541)
Own work for capitalised contract costs	(37)	(49)
Gain on sale of property, plant and equipment	(27)	(6)
Miscellaneous income	(103)	(170)
Total capitalised self-constructed assets and other income	**(767)**	**(766)**
Total indirect costs	**3,709**	**3,544**

1 See Note 4.1.

Capitalised self-constructed tangible and intangible assets include personnel costs accrued in the manufacturing of technical installations, the construction of network infrastructure and the development of software for internal use.

Accounting policies

Costs to obtain a contract

Swisscom pays commissions to dealers for the acquisition and retention of mobile phone customers. The commission payable is dependent on the type of subscription. Subscriber acquisition and retention costs are deferred and amortised over the related revenue-recognition period. In addition, Swisscom will reimburse the dealer for any handset subsidies they grant to customers when they take out a Swisscom mobile subscription at the same time. The associated costs are deferred and recognised on a straight-line basis over the contract term as the costs of obtaining a contract. The amortisation period corresponds to the related revenue-recognition period. See Note 1.1.

Costs to fulfil a contract

In connection with a broadband or TV subscription, the customer must purchase a router or TV-Box in order to use the services of Swisscom. Routers and TV -Boxes can only be used for services provided by Swisscom. The cost of routers and TV-Boxes are reported as costs to fulfil a contract and amortised over the minimum term of the contract. The set-up costs incurred to transfer and integrate outsourcing transactions with corporate customers are deferred and amortised against income on a straight-line basis over the duration of the operating contract. The amortisation period corresponds to the related revenue-recognition period. See Note 1.1.

2 Capital and financial risk management

The following chapter sets out the procedures and guidelines governing the active management of the capital structure and the financial risks to which Swisscom is exposed. Swisscom strives to achieve a robust equity basis, which enables it to guarantee its ability to continue as a going concern and to offer investors an appropriate return based on the risks assumed.

2.1 Capital management and equity

Debt

Swisscom's debt situation is aligned with the limit on net debt in relation to the operating result before depreciation and amortisation (EBITDA) as set by the Federal Council in its financial targets. The Federal Council has set the limit for net debt at 2.4x EBITDA. It is possible that this ratio may be exceeded at times. Swisscom has an A credit rating with rating agency S&P Global and an A1 credit rating with Moody's. It aims to keep its ratings in the single A range.

Net debt consists of financial liabilities and lease liabilities less cash and cash equivalents, listed debt instruments and derivative financial instruments. The net debt to EBITDA ratio is as follows:

In CHF million	**31.12.2024**	31.12.2023
Net debt	15,597 [1]	7,071
Operating income before depreciation and amortisation (EBITDA)	4,355	4,622

1 Incl. Vodafone Italia (purchase price and acquired lease liabilities).
See Note 5.3.

Equity ratio

Swisscom strives to achieve an equity ratio of a minimum of 30%. The equity ratio is computed as follows:

In CHF million	**31.12.2024**	31.12.2023
Equity	12,155	11,622
Total assets	37,211	24,750
Equity ratio in %	**32.7**	**47.0**

Dividend policy

Swisscom pursues a policy of stable dividends whereby a dividend per share at least equal to the previous year is paid out if financial targets are achieved. Distributable reserves are not determined on the basis of the equity as reported in the consolidated financial statements but rather on the basis of equity as reported in the statutory financial statements of the parent company, Swisscom Ltd. As at 31 December 2024, Swisscom Ltd's distributable reserves amounted to CHF 8,841 million. The dividend is proposed by the Board of Directors and must be approved by the Annual General Meeting of Shareholders. Treasury shares are not entitled to a dividend. Swisscom Ltd paid the following dividends in 2023 and 2024.

In CHF million, except where indicated	**2024**	2023
Number of registered shares eligible for dividend (in millions of shares)	51.802	51.802
Ordinary dividend per share (in CHF)	22.00	22.00
Dividends paid	**1,140**	**1,140**

The Board of Directors will propose the payment of an unchanged dividend of CHF 22 per share for the 2024 financial year to the Annual General Meeting of Shareholders of Swisscom Ltd on 26 March 2025. This results in a total dividend payment of CHF 1,140 million. The dividend payment is scheduled for 1 April 2025.

Earnings per share

In CHF million, except where indicated	2024	2023
Share of net income attributable to equity holders of Swisscom Ltd	1,542	1,711
Weighted average number of shares outstanding (number)	51,801,712	51,801,652
Basic and diluted earnings per share (in CHF)	**29.77**	**33.03**

Supplementary information on equity

Development of retained earnings and other reserves as well as comprehensive income in 2024

In CHF million	Retained earnings	Foreign currency translation adjustments	Hedging reserves	Equity holders of Swisscom	Non-controlling interests	Total
Balance at 1 January 2024	**13,529**	**(2,086)**	**(12)**	**11,431**	**3**	**11,434**
Net income	**1,542**	**–**	**–**	**1,542**	**(1)**	**1,541**
Actuarial gains and losses from defined benefit pension plans	(21)	–	–	(21)	–	(21)
Change in fair value of equity instruments	163	–	–	163	–	163
Income tax expense	4	–	–	4	–	4
Items that will not be reclassified to income statement	**146**	**–**	**–**	**146**	**–**	**146**
Foreign currency translation adjustments of foreign subsidiaries	–	2	–	2	–	2
Fair value losses of cash flow hedges transferred to income statement	–	–	(19)	(19)	–	(19)
Income tax expense	–	3	8	11	–	11
Items that may be reclassified to income statement	**–**	**5**	**(11)**	**(6)**	**–**	**(6)**
Other comprehensive income	**146**	**5**	**(11)**	**140**	**–**	**140**
Comprehensive income	**1,688**	**5**	**(11)**	**1,682**	**(1)**	**1,681**
Dividends paid	(1,140)	–	–	(1,140)	–	(1,140)
Other changes	(6)	–	–	(6)	(2)	(8)
Balance at 31 December 2024	**14,071**	**(2,081)**	**(23)**	**11,967**	**–**	**11,967**

Development of retained earnings and other reserves as well as comprehensive income in 2023

In CHF million	Retained earnings	Foreign currency translation adjustments	Hedging reserves	Equity holders of Swisscom	Non-controlling interests	Total
Balance at 1 January 2023	**12,942**	**(1,960)**	**(2)**	**10,980**	**3**	**10,983**
Net income	**1,711**	**–**	**–**	**1,711**	**–**	**1,711**
Actuarial gains and losses from defined benefit pension plans	(35)	–	–	(35)	–	(35)
Change in fair value of equity instruments	42	–	–	42	–	42
Income tax expense	8	–	–	8	–	8
Items that will not be reclassified to income statement	**15**	**–**	**–**	**15**	**–**	**15**
Foreign currency translation adjustments of foreign subsidiaries	–	(135)	–	(135)	–	(135)
Fair value losses of cash flow hedges transferred to income statement	–	–	(10)	(10)	–	(10)
Income tax expense	–	9	–	9	–	9
Items that may be reclassified to income statement	**–**	**(126)**	**(10)**	**(136)**	**–**	**(136)**
Other comprehensive income	**15**	**(126)**	**(10)**	**(121)**	**–**	**(121)**
Comprehensive income	**1,726**	**(126)**	**(10)**	**1,590**	**–**	**1,590**
Dividends paid	(1,140)	–	–	(1,140)	(1)	(1,141)
Other changes	1	–	–	1	1	2
Balance at 31 December 2023	**13,529**	**(2,086)**	**(12)**	**11,431**	**3**	**11,434**

2.2 Financial liabilities

In CHF million	2024	2023
Balance at 1 January	**5,665**	**6,002**
Issuance of bank loans	3,245	12
Issuance of debenture bonds	5,634	200
Issuance of other financial liabilities	2	11
Issuance of financial liabilities	**8,881**	**223**
Repayment of bank loans	(141)	(221)
Repayment of debenture bonds	(500)	(250)
Repayment of other financial liabilities	–	–
Repayment of financial liabilities	**(641)**	**(471)**
Interest expense	150	75
Interest payments	(112)	(84)
Foreign currency translation adjustments	(140)	(129)
Change in fair value	71	43
Accrual of deferred purchase price margins from business combinations	3	9
Payments for deferred consideration from business combinations [1]	(2)	(13)
Business combinations	12	–
Other changes	12	10
Balance at 31 December	**13,899**	**5,665**
Bank loans	3,394	267
Debenture bonds	9,832	4,789
Private placements	322	322
Derivative financial instruments [2]	177	136
Other financial liabilities	174	151
Total financial liabilities	**13,899**	**5,665**
Thereof current financial liabilities	1,639	718
Thereof non-current financial liabilities	12,260	4,947

1 Reported in the cash flow statement as cash flow used in investing activities. See Note 5.2.

2 See Note 2.5.

Financing the acquisition of Vodafone Italia

In March 2024, Swisscom signed a contract to acquire Vodafone Italia for EUR 8.0 billion. The transaction was completed on 31 December 2024. The transaction was financed by the issuance of domestic Swiss bonds totalling CHF 1.2 billion, Eurobonds of EUR 4.5 billion (CHF 4.2 billion) and syndicated bank loans in the amount of CHF 2.3 billion. The funds raised from the bond issuance were invested in current financial assets until the completion of the transaction. Depending on the maturity, current financial assets are recognised as cash and cash equivalents or as other current financial assets in Swisscom's consolidated financial statements. Further information on the acquisition of Vodafone Italia is provided in Note 5.3.

Credit lines

Swisscom has two confirmed lines of credit amounting to CHF 1,700 million and CHF 1,200 million, both maturing in 2028. The line of credit amounting to CHF 1,700 million is a sustainability-linked loan. The amount of the credit margin is linked to the achievement of defined sustainability targets by Swisscom. As of 31 December 2024, neither of these lines of credit had been drawn down, as in the prior year.

Bank loans

In CHF million	Maturity years	Par value in currency	Nominal interest rate	Effective interest rate	Carrying amount 31.12.2024	Carrying amount 31.12.2023
Bank loans in EUR [2, 3]	2017–2024	150	0.67%	0.67%	–	139
Bank loans in EUR [1]	2023–2024	12	4.27%	2.23% [6]	–	12
Bank loans in EUR [1]	2024–2025	150	3.29%	0.22% [6]	141	–
Bank loans in EUR [1]	2024–2025	50	3.33%	0.36% [6]	47	–
Bank loans in EUR [1]	2024–2025	100	3.27%	0.30% [6]	94	–
Bank loans in EUR [1]	2024–2025	150	3.40%	0.31% [6]	141	–
Bank loans in EUR [1]	2024–2025	250	3.46%	0.47% [6]	236	–
Bank loans in EUR [1]	2024–2025	350	3.25%	–0.36% [6]	330	–
Bank loans in CHF [4]	2024–2027	1,140	Compounded SARON +0.55%	1.70% [5]	1,140	–
Bank loans in USD [2]	2009–2028	58	8.30%	4.62%	67	62
Bank loans in USD [2]	2009–2028	51	7.65%	4.63%	58	54
Bank loans in CHF [4]	2024–2029	1,140	Compounded SARON +0.65%	1.80% [5]	1,140	–
Total bank loans					**3,394**	**267**

1 Variable interest-bearing.
2 Fixed interest-bearing.
3 Designated for hedge accounting of net investments in foreign operations.
4 Fixed interest-bearing through interest rate swaps.
5 After hedging with interest rate swap.
6 After hedging with currency swap.

As of 31 December 2024, Swisscom had taken out short-term bank loans on a weekly and monthly basis amounting to EUR 1,050 million or CHF 989 million (prior year: EUR 13 million or CHF 12 million). In connection with the financing of the acquisition of Vodafone Italia, Swisscom took out two bank loans totalling CHF 2,280 million at the end of 2024. In the third quarter of 2024, Swisscom repaid a bank loan of EUR 150 million (CHF 139 million) upon maturity.

Debenture bonds

In CHF million	Maturity years	Par value in currency	Nominal interest rate	Effective interest rate	Carrying amount 31.12.2024	Carrying amount 31.12.2023
Debenture bond in CHF (ISIN: CH0188335365)	2012–2024	500	1.75%	1.77%	–	504
Debenture bond in EUR (ISIN: XS1288894691)	2015–2025	500	1.75%	1.55% [4]	468	450
Debenture bond in CHF (ISIN: CH0247776138)	2014–2026	200	1.50%	1.47%	201	202
Debenture bond in EUR (ISIN: XS1803247557) [2]	2018–2026	500	1.13%	–0.71% [3]	471	463
Debenture bond in EUR (ISIN: XSXS2827693446) [1]	2024–2026	500	3.50%	3.70%	479	–
Debenture bond in CHF (ISIN: CH0344583783) [2]	2016–2027	200	0.38%	0.79% [3]	201	193
Debenture bond in CHF (ISIN: CH0362748359)	2017–2027	350	0.38%	0.39%	351	350
Debenture bond in CHF (ISIN: CH0317921663)	2016–2028	200	0.38%	0.30%	201	201
Debenture bond in CHF (ISIN: CH0437180935)	2018–2028	150	0.75%	0.72%	150	150
Debenture bond in EUR (ISIN: XS2169243479)	2020–2028	500	0.38%	–1.22% [3]	468	460
Debenture bond in EUR (ISIN: XS2827694170) [1]	2024–2028	500	3.50%	3.57%	475	–
Debenture bond in CHF (ISIN: CH0254147504)	2014–2029	160	1.50%	1.47%	160	161
Debenture bond in CHF (ISIN: CH0419040982)	2019–2029	200	0.50%	0.45%	201	201
Debenture bond in CHF (ISIN: CH1248666930)	2023–2030	150	1.88%	1.91%	151	151
Debenture bond in CHF (ISIN: CH1350727785)	2024–2030	315	1.65%	1.65%	317	–
Debenture bond in CHF (ISIN: CH0515152467)	2020–2031	100	0.13%	0.15%	100	100
Debenture bond in EUR (ISIN: XS2827696035) [1]	2024–2031	1,250	3.50%	3.60%	1,173	–
Debenture bond in CHF (ISIN: CH0336352775)	2016–2032	300	0.13%	0.14%	300	300
Debenture bond in CHF (ISIN: CH0373476164)	2017/ 2019–2033	230	0.75%	0.66%	232	232
Debenture bond in CHF (ISIN: CH1112455766)	2021–2033	100	0.25%	0.27%	100	100
Debenture bond in CHF (ISIN: CH0580291968)	2020–2034	100	0.25%	0.27%	100	100
Debenture bond in CHF (ISIN: CH1350727793)	2024–2034	455	1.80%	1.83%	457	–
Debenture bond in EUR (ISIN: XS2894869416) [1]	2024–2034	500	3.25%	3.37%	471	–
Debenture bond in CHF (ISIN: CH0268988182) [2]	2015/ 2018–2035	300	1.00%	1.03% [3]	309	296
Debenture bond in CHF (ISIN: CH1361401875)	2024–2035	100	1.20%	1.19%	100	–
Debenture bond in EUR (ISIN: XS2827697272) [1]	2024–2036	1,000	3.63%	3.76%	932	–
Debenture bond in CHF (ISIN: CH1350727801)	2024-2039	375	2.00%	1.99%	376	–
Debenture bond in CHF (ISIN: CH0494734335)	2019–2044	125	0.00%	0.00%	125	125
Debenture bond in EUR (ISIN: XS2827708145) [1]	2024–2044	750	3.88%	3.98%	712	–
Debenture bond in CHF (ISIN: CH1254751907)	2023–2053	50	2.19%	2.21%	51	50
Total debenture bonds					**9,832**	**4,789**

1 Designated for hedge accounting of net investments in foreign operations.
2 Thereof CHF 350 million and EUR 500 million designated for fair value hedge accounting.
3 After hedging with interest rate swap.
4 After hedging with currency swap and taking hedge accounting into consideration.

In connection with the financing of the acquisition of Vodafone Italia, Swisscom took out loans of EUR 4,000 million (CHF 3,764 million) and CHF 1,145 million in the second quarter of 2024. In the third quarter of 2024, Swisscom also issued a eurobond of EUR 500 million (CHF 471 million) and a green bond of CHF 100 million.

In the first quarter of 2023, Swisscom raised a green bond of CHF 150 million with a coupon of 1.875% and a maturity of 7.5 years. The funds raised were used within the Green Bond Framework. In addition, Swisscom raised a privately placed bond of CHF 50 million with a coupon of 2.19% and a maturity of 30 years in the first quarter of 2023. This was used to repay existing debt. Swisscom repaid a CHF 250 million bond upon maturity in the second quarter of 2023.

Private placements

					Carrying amount	
In CHF million	Maturity years	Par value in currency	Nominal interest rate	Effective interest rate	**31.12.2024**	31.12.2023
Private placements in CHF	2022–2027	170	1.71%	1.71%	171	171
Private placements in CHF	2016–2031	150	0.56%	0.56%	151	151
Total private placements					**322**	**322**

The private placements may become due for immediate repayment if the shareholding of the Confederation in the capital of Swisscom falls below one third, or if another shareholder can exercise control over Swisscom.

Other financial liabilities

As at 31 December 2024, the carrying amount of other financial liabilities was CHF 174 million (prior year: CHF 151 million), consisting primarily of loans.

2.3 Leases

Lessee

Swisscom's leases comprise in particular the rental of operation and office buildings, antenna sites, and network infrastructure. In addition, indefeasible rights of use (IRU) are classified as leases under IFRS 16. In general, IRU are paid in full at the beginning of use. The Italian subsidiary Fastweb procures various access services from other fixed-network operators and uses their connection cables to the end customer. Swisscom applies the low value asset exemption for these leases. Accordingly, no right-of-use assets and lease liabilities are recognised for these access services. The costs are reported as direct costs. There are no material lease commitments arising from leases that began after the balance sheet date.

Swisscom concluded two agreements in 2001 for the sale of real estate. At the same time, it entered into long-term agreements to lease back part of the real estate sold which, in part, qualify as finance leases. The gain realised on real estate classified as finance leases was deferred. As at 31 December 2024, the carrying amount of the deferred gains was CHF 77 million (prior year: CHF 81 million). The deferred gains are released to other income over the term of the individual leases.

Right-of-use assets

In CHF million	Land and buildings	Technical installations	Other right-of-use assets	Total
At cost				
Balance at 1 January 2023	**2,410**	**1,021**	**25**	**3,456**
Additions	234	62	13	309
Disposals	(127)	(19)	(1)	(147)
Business combinations	4	–	–	4
Foreign currency translation adjustments	(12)	(58)	–	(70)
Balance at 31 December 2023	**2,509**	**1,006**	**37**	**3,552**
Additions	215	48	22	285
Disposals	(26)	(12)	(10)	(48)
Business combinations [1]	172	1,777	41	1,990
Foreign currency translation adjustments	3	15	–	18
Balance at 31 December 2024	**2,873**	**2,834**	**90**	**5,797**
Accumulated depreciation and impairment losses				
Balance at 1 January 2023	**(930)**	**(523)**	**(11)**	**(1,464)**
Depreciation	(204)	(50)	(8)	(262)
Impairment losses	(29)	–	–	(29)
Disposals	121	19	1	141
Foreign currency translation adjustments	4	30	–	34
Balance at 31 December 2023	**(1,038)**	**(524)**	**(18)**	**(1,580)**
Depreciation	(196)	(54)	(11)	(261)
Disposals	25	12	9	46
Foreign currency translation adjustments	(1)	(7)	–	(8)
Balance at 31 December 2024	**(1,210)**	**(573)**	**(20)**	**(1,803)**
Net carrying amount				
Net carrying amount at 1 January 2023	**1,480**	**498**	**14**	**1,992**
Net carrying amount at 31 December 2023	**1,471**	**482**	**19**	**1,972**
Net carrying amount at 31 December 2024	**1,663**	**2,261**	**70**	**3,994**

1 Incl. Vodafone Italia. See Note 5.3.

Lease liabilities

In CHF million	2024	2023
Balance at 1 January	**1,915**	**1,911**
Additions	285	309
Interest expense	48	44
Payments	(315)	(314)
Disposals	(1)	(8)
Business combinations [1]	1,697	4
Foreign currency translation adjustments	7	(31)
Balance at 31 December	**3,636**	**1,915**
Land and buildings	1,700	1,567
Technical installations	1,829	326
Other leases	107	22
Total lease liabilities [2]	**3,636**	**1,915**
Thereof current lease liabilities	622	227
Thereof non-current lease liabilities	3,014	1,688

1 Incl. Vodafone Italia. See Note 5.3.

2 Note 2.5 shows the maturity analysis for lease liabilities.

Income and expenses arising from leases

In CHF million	2024	2023
Revenue		
Income from leases excluding subleases	164	182
Income from subleases	3	3
Other income		
Deferred gain on sale and leaseback of real estate	4	4
Financial income		
Interest income on finance lease	–	1
Direct costs		
Expense from leases of low value assets	(82)	(88)
Depreciation and impairment losses		
Depreciation of right-of-use assets	(261)	(262)
Impairment losses on right-of-use assets	–	(29)
Financial expense		
Interest expense on lease liabilities	(48)	(44)

Lessor

Swisscom supplies other providers of telecommunications services with access lines for use, which are classified either as finance or operating leases. At the same time, Swisscom leases space in operations and offices buildings and at antenna sites, which is classified as an operating lease. Future lease payments in respect of receivables from finance leases as at 31 December 2023 and 2024 break down as follows:

In CHF million	31.12.2024	31.12.2023
Within 1 year	47	46
Between 1 and 2 years	23	28
Between 2 and 3 years	11	10
Between 3 and 4 years	9	7
Between 4 and 5 years	8	7
After 5 years	32	32
Total future payments from finance leases	**130**	**130**
Future interest income	–	–
Vodafone Italia	33	–
Total receivables from finance leases	**163**	**130**
Thereof current receivables from finance leases	47	46
Thereof non-current receivables from finance leases	116	84

Future lease payments in respect of operating leases are as follows as at 31 December 2023 and 2024:

In CHF million	31.12.2024	31.12.2023
Within 1 year	47	48
Between 1 and 2 years	44	45
Between 2 and 3 years	44	45
Between 3 and 4 years	43	44
Between 4 and 5 years	43	43
After 5 years	43	44
Total future payments from operating leases	**264**	**269**

Significant judgements or estimates

When determining the terms of leases, management considers all facts and circumstances that encompass an economic incentive to exercise renewal options or not exercise termination options. Renewal and termination options are only included in the contract term where there is sufficient certainty that they will be exercised. This assessment is reviewed in the event of a material occurrence or change in circumstances that might affect the previous assessment, where this is within the lessee's control.

Accounting policies

Financial liabilities

Financial liabilities are initially recognised at fair value less direct transaction costs. In subsequent accounting periods, they are re-measured at amortised cost using the effective interest method.

Leases

In particular, Swisscom leases comprise the rental of operation and office buildings, antenna sites, and network infrastructure and indefeasible rights of use (IRU). As a lessee, for each lease Swisscom recognises a lease liability for future lease payments and a right of use for the underlying asset as at the time when the leased asset becomes available to Swisscom. The lease payments are divided into a repayment component and an interest component. The interest component is recognised as an interest expense over the lease term computed on the basis of the effective interest method. The right-of-use asset is depreciated on a straight-line basis over the shorter of the useful life and the lease term. As a lessor, Swisscom has to distinguish between finance and operating leases. A lease is recorded as a finance lease whenever essentially all of the risks and rewards incidental to ownership of the asset are transferred. Unless implicitly specified in the lease, the interest rate used to measure the rights of use and lease liabilities is the incremental borrowing rate. In the area of network access services, for selected leases Swisscom applies the exemptions regarding the separation of lease and non-lease components. The non-lease components are accounted for in accordance with other standards. Swisscom procures various access services from other network operators and uses their connection cables to the end customer. Under IFRS 16, part of these access services is classified as a lease. The value of the individual connection cable fulfils the criteria as an asset of low value. Swisscom applies the low value asset exemption for these leases. Accordingly, no right-of-use assets and lease liabilities are recognised for these access services. The costs of access services continue to be reported as an operating expense. The exemption for short-term leases is not applied. A number of leases for the rental of operation and office buildings include renewal and termination options which are taken into account in the initial measurement by category of building. Rental contracts of antenna sites have an initial lease term of 10 to 15 years. In general, these rental contracts include renewal and mutual termination options. For these leases, it is not reasonably certain that the renewal options will be exercised. Accordingly, no renewal options are taken into account in the initial measurement of rental contracts of antenna sites. Given Swisscom's planning horizon of a maximum of five years and technological developments, it is not possible to estimate the amount of additional undiscounted payments from renewal options which are currently not included in the lease liabilities.

2.4 Financial result

In CHF million	2024	2023
Interest income on financial assets	116	8
Interest income on defined benefit obligations [1]	3	5
Foreign exchange gains	33	–
Other financial income	15	17
Total financial income	**167**	**30**
Interest expense on financial liabilities	(150)	(75)
Interest expense on lease liabilities	(48)	(44)
Foreign exchange losses	–	(8)
Change in fair value of interest rate swaps	(10)	(5)
Interest and present-value adjustments on provisions [2]	10	(12)
Other financial expense	(57)	(16)
Total financial expense	**(255)**	**(160)**
Financial income and financial expense, net	**(88)**	**(130)**
Interest expense on lease liabilities	(48)	(44)
Net interest expense on financial assets and liabilities	(34)	(67)

1 See Note 4.3.

2 See Note 3.5.

2.5 Financial risk management

Swisscom is exposed to various financial risks arising from its operating and financing activities. Financial risk management is conducted in accordance with established guidelines, with the objective of limiting the potentially adverse effects thereof on the financial situation of Swisscom. The identified risks and measures to minimise them are presented below.

Risk	Source	Risk mitigation
Currency risks	Swisscom is exposed to foreign exchange changes which can impact the Group's cash flows, financial result and equity.	• Reduction in cash flow volatility by use of forward currency contracts/swaps and currency swaps and designation for hedge accounting (transaction risk) • Reduction in translation risk by foreign currency financing and designation for hedge accounting • Hedging of currency risk of foreign currency financing by use of currency swaps
Interest rate risk	Interest rate risks result from changes in interest rates which can negatively impact cash flows and the financial situation of Swisscom.	• Use of interest rate swaps to manage fixed/variable share and duration of financial debt
Credit risks from operating business activities and financial transactions	Through its operating business activities and derivative financial instruments and financial investments, Swisscom is exposed to the risk of default of a counterparty.	• Guideline establishing minimum requirements for counterparties • Designated counterparty limits • Employment of netting agreements foreseen under ISDA (International Swaps and Derivatives Association) • Use of collateral agreements
Liquidity risk	Prudent liquidity management involves the holding of adequate reserves of cash and cash equivalents, negotiable securities as well as the possibility of obtaining confirmed lines of credit.	• Procedures and principles to ensure adequate liquidity • Two guaranteed bank credit lines totalling CHF 2,900 million

Currency risks

As regards financial instruments, the following currency risks and hedging contracts existed for foreign currencies as of 31 December 2023 and 2024.

In CHF million	31.12.2024 EUR	31.12.2024 USD	31.12.2023 EUR	31.12.2023 USD
Cash and cash equivalents	37	1	24	9
Trade receivables	12	7	10	6
Other financial assets	28	389	10	397
Financial liabilities	(6,755)	(224)	(1,621)	(216)
Trade payables	(61)	(35)	(27)	(38)
Net exposure at carrying amounts	**(6,739)**	**138**	**(1,604)**	**158**
Net exposure to forecasted cash flows in the next 12 months	(144)	(269)	(143)	(259)
Net exposure before hedges	**(6,883)**	**(131)**	**(1,747)**	**(101)**
Forward currency contracts	221	274	240	248
Foreign currency swaps	1,046	(30)	78	(35)
Currency swaps	1,412	–	463	–
Hedges	**2,679**	**244**	**781**	**213**
Net exposure	**(4,204)**	**113**	**(966)**	**112**

As at 31 December 2024, Swisscom had outstanding financial liabilities with a nominal value totalling EUR 4,500 million (CHF 4,235 million, prior year: EUR 1,150 million, CHF 1,061 million), which are designated for hedge accounting of net investments in foreign operations. In 2024, a loss of CHF 46 million (prior year: gain of CHF 70 million) arising from the measurement of financial liabilities was recognised in other comprehensive income in the foreign currency translation adjustments of foreign subsidiaries item. As at 31 December 2024, the cumulative positive amount of foreign currency translation differences in equity resulting from financial liabilities which are designated for hedge accounting of net investments in foreign operations totalled CHF 392 million.

Foreign currency sensitivity analysis

The following sensitivity analysis shows the impact on the income statement should the EUR/CHF and USD/CHF exchange rates change in line with their implicit volatility over the next twelve months. The analysis assumes that all other variables, in particular the interest rate level, remain constant.

In CHF million	Income impact on balance sheet items	Hedges for balance sheet items [1]	Planned cash flows	Hedges for planned cash flows
31.12.2024				
EUR volatility 5.86%	395	(144)	8	(13)
USD volatility 7.70%	(11)	2	21	(21)
31.12.2023				
EUR volatility 5.90%	95	(46)	8	–
USD volatility 7.39%	(12)	3	19	(18)

1 Without hedge accounting of net investments in foreign operations.

The volatility of balance sheet positions and scheduled cash flows is partially offset by the volatility of the related hedging contracts.

Interest rate risks

The structure of interest-bearing financial instruments at nominal values is as follows:

In CHF million	31.12.2024	31.12.2023
Fixed interest-bearing financial liabilities	10,360	5,482
Variable interest-bearing financial liabilities	3,268	12
Total interest-bearing financial liabilities	**13,628**	**5,494**
Fixed interest-bearing financial assets	(256)	(243)
Variable interest-bearing financial assets	(1,835)	(422)
Total interest-bearing financial assets	**(2,091)**	**(665)**
Total interest-bearing financial assets and liabilities, net	**11,537**	**4,829**
Variable interest-bearing	1,433	(410)
Fixed through interest rate swaps.	(2,280)	–
Variable through interest rate swaps	821	813
Variable interest-bearing, net	**(26)**	**403**
Fixed interest-bearing	10,104	5,239
Fixed through interest rate swaps.	2,280	–
Variable through interest rate swaps	(821)	(813)
Fixed interest-bearing, net	**11,563**	**4,426**
Total interest-bearing financial assets and liabilities, net	**11,537**	**4,829**

Interest rate sensitivity analysis

A shift in interest rates by 100 basis points has no impact on the income statement (prior year: CHF 4 million). It has an impact of CHF 58 million (+100 basis points) or CHF –61 million (–100 basis points) on equity as at 31 December 2024 (previous year: nil).

Credit risks

Credit risks from financial transactions

The carrying amounts of cash and cash equivalents and other financial assets exposed to credit risk (excluding trade receivables, receivables from finance leases and contract assets) may be analysed as follows:

In CHF million	31.12.2024	31.12.2023
Cash and cash equivalents	1,523	148
Financial assets at amortised cost	408	375
Derivative financial instruments	29	2
Other assets valued at fair value	2	2
Total carrying amount of financial assets	**1,962**	**527**

The carrying amounts analysed by the S&P Global Ratings (formerly: Standard & Poor's) rating of the counterparties may be summarised as follows:

In CHF million	31.12.2024	31.12.2023
AAA	8	15
AA– to AA+	285	324
A– to A+	1,588	156
BBB– to BBB+	44	13
BB– to BB+	1	–
Without rating	36	19
Total	**1,962**	**527**

Financial risks from operating activities

Credit risks on trade receivables, contract assets and other receivables arise from the Group's operating activities. Credit risks from other receivables are insignificant. As an initial step, Swisscom divides the credit risks from operating activities between Swisscom Switzerland and Fastweb. Default risks are principally impacted by the individual attributes of the customers. They are also influenced by the default risk of customer groups and industry sectors. Swisscom has a receivables management system in place to minimise default losses. It reviews new customers for their creditworthiness and sets maximum payment terms for customer groups. Swisscom divides customers into groups according to their creditworthiness, for the purposes of monitoring default risk. In the process it differentiates between individual and business customers, among other things. In addition, it takes into account the ageing structure of the receivables as well as the industry segment in which a business customer is active. The split of trade receivables and contract assets by operating segment is as follows:

In CHF million	**31.12.2024**	31.12.2023
Notional amount		
Residential Customers	883	936
Business Customers	565	571
Wholesale	136	147
Infrastructure & Support Functions	7	5
Swisscom Switzerland	**1,591**	**1,659**
Fastweb	594	612
Vodafone Italia	1,049	–
Other Operating Segments	147	169
Total notional amount	**3,381**	**2,440**
Allowances		
Residential Customers	(41)	(55)
Business Customers	(8)	(10)
Wholesale	(2)	(3)
Infrastructure & Support Functions	–	–
Swisscom Switzerland	**(51)**	**(68)**
Fastweb	(33)	(31)
Vodafone Italia	(210)	–
Other Operating Segments	(13)	(25)
Total allowances for doubtful debts	**(307)**	**(124)**
Total notional amount less allowances for doubtful debts	**3,074**	**2,316**

As at 31 December 2024, the maturities of trade receivables and contract assets as well as any related valuation allowances may be analysed as follows:

			31.12.2024 [1]
In CHF million	**Rate**	**Par value**	**Allowances**
Not overdue	1.01%	1,788	(18)
Past due up to 3 months	2.87%	314	(9)
Past due 4 to 6 months	39.13%	46	(18)
Past due 7 to 12 months	23.73%	59	(14)
Past due over 1 year	30.40%	125	(38)
Total	**4.16%**	**2,332**	**(97)**

1 Excl. Vodafone Italia.

As at 31 December 2023, the maturities of trade receivables and contract assets as well as any related valuation allowances may be analysed as follows:

In CHF million	Rate	Par value	Allowances
			31.12.2023
Not overdue	0.47%	1,691	(8)
Past due up to 3 months	4.63%	561	(26)
Past due 4 to 6 months	22.39%	67	(15)
Past due 7 to 12 months	44.90%	49	(22)
Past due over 1 year	73.61%	72	(53)
Total	**5.08%**	**2,440**	**(124)**

Movements in valuation allowances for trade receivables and contract assets may be analysed as follows:

In CHF million	2024	2023
Balance at 1 January	**124**	**122**
Additions to allowances	64	80
Write-off of irrecoverable receivables subject to allowance	(78)	(66)
Release of unused allowances	(11)	(10)
Business combinations	210	–
Foreign currency translation adjustments	(2)	(2)
Balance at 31 December	**307**	**124**

Liquidity risk
Contractual maturities including estimated interest payable

In CHF million	Carrying amount	Contractual payments	Due within 1 year	Due within 1 to 2 years	Due within 3 to 5 years	Due after 5 years
31.12.2024 [1]						
Bank loans	3,394	3,517	1,025	42	2,450	–
Debenture bonds	9,832	11,713	679	1,341	2,704	6,989
Private placements	322	335	4	4	175	152
Derivative financial instruments	177	102	69	15	18	–
Other financial liabilities	174	163	20	32	18	93
Lease liabilities	1,991	2,487	171	369	588	1,359
Trade payables	1,547	1,547	1,444	7	96	–
Total	**17,437**	**19,864**	**3,412**	**1,810**	**6,049**	**8,593**

1 Excl. Vodafone Italia.

In CHF million	Carrying amount	Contractual payments	Due within 1 year	Due within 1 to 2 years	Due within 3 to 5 years	Due after 5 years
31.12.2023						
Bank loans	267	288	157	5	126	–
Debenture bonds	4,789	5,018	544	498	2,089	1,887
Private placements	322	338	4	4	178	152
Derivative financial instruments	136	126	27	83	10	6
Other financial liabilities	151	151	22	33	14	82
Lease liabilities	1,915	2,504	273	241	581	1,409
Trade payables	1,611	1,611	1,517	14	80	–
Total	**9,191**	**10,036**	**2,544**	**878**	**3,078**	**3,536**

Derivative financial instruments

In CHF million	Contract value 31.12.2024	Contract value 31.12.2023	Positive fair value 31.12.2024	Positive fair value 31.12.2023	Negative fair value 31.12.2024	Negative fair value 31.12.2023
Interest rate swaps in CHF	350	350	7	–	–	(14)
Currency swaps in EUR	471	463	–	–	(80)	(98)
Total fair value hedges	**821**	**813**	**7**	**–**	**(80)**	**(112)**
Forward currency contracts in USD	207	180	9	–	–	(8)
Forward currency contracts in EUR	183	178	1	–	(2)	(7)
Currency swaps in USD	2	–	–	–	–	–
Interest rate swaps in CHF	2,280	–	–	–	(61)	–
DC Eurobond hedges (unwound but not settled)	–	–	3	–	–	–
Total cash flow hedges	**2,672**	**358**	**13**	**–**	**(63)**	**(15)**
Interest rate swaps in CHF	20	20	–	–	(4)	(2)
Currency swaps in EUR	941	–	–	2	(29)	–
Currency swaps in USD	57	51	–	–	(1)	–
Currency swaps in EUR	1,057	153	7	–	–	(2)
Forward currency contracts in USD	67	68	2	–	–	(3)
Forward currency contracts in EUR	38	62	–	–	–	(2)
Total other derivative financial instruments	**2,180**	**354**	**9**	**2**	**(34)**	**(9)**
Total derivative financial instruments	**5,673**	**1,525**	**29**	**2**	**(177)**	**(136)**
Thereof current derivative financial instruments			2	2	(25)	(25)
Thereof non-current derivative financial instruments			27	–	(152)	(111)

Swisscom has entered into interest rate and foreign currency swaps, designated as fair value hedges and cash flow hedges, in order to hedge interest rate and foreign currency risks of fixed interest-bearing finance denominated in CHF and EUR. Derivative financial instruments contain forward contracts, designated as cash flow hedges, for hedging future purchases of goods and services in USD and EUR. Furthermore, derivative financial instruments include interest rate swaps which are not designated for hedge accounting purposes. In addition, derivative financial instruments exclusively comprise forward foreign currency transactions and foreign currency swaps in EUR and USD which serve to hedge future transactions in connection with financing or the operating business activities of Swisscom, and which are not designated for hedge accounting purposes. Swisscom does not enter into derivative financial instruments for speculative purposes.

Supplier finance arrangements

Swisscom participates in a supplier finance arrangement. Under these arrangements, a bank declares itself willing to make payments to the participating suppliers for invoices owed by Swisscom, and receives the payment from Swisscom at a later point in time. The main purpose of this arrangement is to enable efficient payment processing and to put suppliers in a position to receive payments from the bank before the due date of the invoice.

In CHF million	31.12.2024 [1]
Carrying amount of liabilities under a supply finance arrangement	
Disclosed under trade payables	171
Therof suppliers have received payment from finance providers	166
Range of payment due dates	
Liabilities that are part of the arrangement	30–180 days
Comparable trade payables that are not part of the arrangement [2]	30–180 days

1 Comparative information is not required for the first applicable annual financial report.

2 Comparable trade payables are, for example, trade payables of the entity within the same line of business or jurisdiction as the liabilities disclosed under.

Accounting policies

Swisscom has not de-recognised the original liabilities to which the supplier finance arrangements relate, as the conclusion of the arrangement doesn't result in legal exemption nor in significant changes to the original liability. From Swisscom's perspective, the arrangements do not significantly extend the payment periods beyond the conditions agreed with other, non-participating suppliers. Swisscom is not obligated to pay the bank additional interest on the amounts owed to the suppliers. Swisscom therefore reports amounts financed by suppliers under trade payables, as the type and function of the financial liability are the same as for trade payables. However, Swisscom does report the amounts broken down in the notes. All liabilities from financial arrangements with suppliers are classified as current items as at 31 December 2024. The payments to the bank are included in operating cash flow, as they are still within the normal course of Swisscom's business and their main purpose remains operative – i.e. payments for the purchase of goods and services.

Valuation category and fair value of financial instruments

The fair values of financial assets and the financial liabilities are summarised in the following table. Not included therein are cash and cash equivalents, trade receivables and trade payables, as well as miscellaneous receivables and liabilities whose carrying amount corresponds to a reasonable estimation of their fair value.

			31.12.2024
In CHF million	Carrying amount	Fair value	Level
Other financial assets			
Listed debt instruments	271	238	1
Other financial assets	137	137	2
At amortised cost	**408**	**375**	
Equity instruments	7	7	1
Equity instruments	167	167	3
Fair value through other comprehensive income	**174**	**174**	
Loans	2	2	2
Derivative financial instruments	29	29	2
Fair value through profit or loss	**31**	**31**	
Total other financial assets	**613**	**580**	
Financial liabilities			
Bank loans	3,394	3,424	2
Debenture bonds	9,832	9,986	1
Private placements	322	326	2
Derivative financial instruments	177	177	2
Other financial liabilities	174	163	2
Total financial liabilities	**13,899**	**14,076**	

			31.12.2023
In CHF million	Carrying amount	Fair value	Level
Other financial assets			
Quoted debt instruments	258	227	1
Other financial assets	117	117	2
At amortised cost	**375**	**344**	
Equity instruments	8	8	1
Equity instruments	408	408	3
At fair value through other comprehensive income	**416**	**416**	
Loans	2	2	2
Derivative financial instruments	2	2	2
Fair value through profit or loss	**4**	**4**	
Total other financial assets	**795**	**764**	
Financial liabilities			
Bank loans	267	265	2
Debenture bonds	4,789	4,609	1
Private placements	322	317	2
Derivative financial instruments	136	136	2
Other financial liabilities	151	144	2
Total financial liabilities	**5,665**	**5,471**	

Financial assets amounting to CHF 277 million (prior year: CHF 263 million) are not freely available to Swisscom, as they serve as security for liabilities.

Accounting policies

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value and are subsequently measured at fair value. The method of recording the fluctuations in fair value depends on the underlying transaction and the objective pursued by purchasing or entering into this underlying transaction. On the date a derivative contract is concluded, management designates the purpose of the hedging relationship: hedge of the fair value of an asset or liability ('fair value hedge') or a hedge of future cash flows in the case of future transactions ('cash flow hedge'). Changes in the fair value of derivative financial instruments that are designated as hedging instruments for 'fair value hedges' are recognised in the income statement. Changes in the fair value of derivative financial instruments that are designated as hedging instruments for cash flow hedges are dealt with in other comprehensive income and are recognised in the hedging reserve as part of equity. If a hedge of an anticipated transaction subsequently results in the recording of a financial asset or financial liability, the amount included in equity is recognised in the income statement in the same period in which the financial asset or financial liability impacts the results. Otherwise, the amounts recorded in equity are recognised in the income statement as income or expense in the same period as the cash flows of the intended or agreed future transaction occur. Changes in the fair value of derivative financial instruments that are not designated as hedging instruments are immediately recorded as income.

Estimation of fair values

Fair values are allocated to one of the following three hierarchical levels.

- **Level 1:** exchange-quoted prices in active markets for identical assets or liabilities;
- **Level 2:** other factors which are observable on markets for assets and liabilities, either directly or indirectly;
- **Level 3:** factors that are not based on observable market data.

The fair value of publicly traded equity and debt instruments of Level 1 is based upon their stock exchange quotations as of the balance sheet date. The fair value of Level 2 financial assets and liabilities which are not quoted on exchanges are computed on the basis of future maturing payments discounted at market interest rates. Level 3 assets consist of investments in various investment funds and individual companies. The fair value is determined on the basis of a computational model. Interest rate and currency swaps are discounted at market rates. Foreign currency forward transactions and foreign currency swaps are valued by reference to forward foreign exchange rates as of the balance sheet date.

3 Operating assets and liabilities

The following chapter discloses information on the movement in net operating assets and liabilities as well as in significant non-current tangible and intangible assets. In addition, it outlines the allocation of goodwill to the individual cash-generating units and the results of any applicable impairment tests. Changes in provisions and contingent liabilities are also presented in this chapter.

3.1 Net current operating assets

Change in operating assets and liabilities

In CHF million	01.01.2024	Operational changes	Other changes [1]	**31.12.2024**
2024 financial year				
Trade receivables	2,143	(84)	833	2,892
Other operating assets	1,323	(5)	431	1,749
Trade payables	(1,611)	77	(1,151)	(2,685)
Other operating liabilities	(1,471)	21	(546)	(1,996)
Total operating assets and liabilities, net	**384**	**9**	**(433)**	**(40)**

1 Foreign currency translation and change in scope of consolidation incl. Vodafone Italia. See Note 5.3.

In CHF million	01.01.2023	Operational changes	Other changes [1]	31.12.2023
2023 financial year				
Trade receivables	2,255	(79)	(33)	2,143
Other operating assets	1,353	(7)	(23)	1,323
Trade payables	(1,674)	16	47	(1,611)
Other operating liabilities	(1,571)	75	25	(1,471)
Total operating assets and liabilities, net	**363**	**5**	**16**	**384**

1 Foreign currency translation and change in scope of consolidation.

Trade receivables

In CHF million	**31.12.2024**	31.12.2023
Billed revenue	2,756	2,173
Accrued revenue	443	93
Allowances	(307)	(123)
Total trade receivables [1]	**2,892**	**2,143**

1 Credit risks. See Note 2.5.

Other operating assets and liabilities

In CHF million	31.12.2024	31.12.2023
Other operating assets		
Contract assets	182	174
Contract costs	508	268
Other receivables	120	77
Inventories	270	161
Prepaid expenses	514	528
Advance payments made	46	13
Value-added taxes receivable	77	62
Other non-financial assets	32	40
Total other operating assets	**1,749**	**1,323**
Other operating liabilities		
Contract liabilities	1,244	961
Accruals for variable performance-related bonus	192	146
Value-added taxes payable	109	81
Accruals for annual holiday, overtime	60	45
Liabilities from collection activities	15	16
Miscellaneous liabilities	376	222
Total other operating liabilities	**1,996**	**1,471**

Contract assets and liabilities

In CHF million	31.12.2024	31.12.2023
Contract assets		
Swisscom Switzerland	143	132
Other	39	42
Total contract assets	**182**	**174**
Contract liabilities		
Swisscom Switzerland	571	570
Fastweb	320	323
Vodafone Italia	294	–
Other	59	68
Total contract liabilities	**1,244**	**961**

Contract assets of Swisscom Switzerland primarily include deferrals arising in connection with the sale of bundled offerings in the mobile-phone area. Some mobile handsets are sold on a subsidised basis together with a mobile contract in a bundled offering. As a result of the allocation of revenue over the pre-delivered components (mobile handset), revenues are recognised earlier than the invoicing thereof. This results in contract assets deriving from this business being recognised. The contractual liabilities mainly cover deferrals from payments for prepaid cards and prepaid Swisscom Switzerland subscription fees. In 2024, an amount of CHF 313 million was recorded as revenue which had been recognised as a contract liability as at 31 December 2023. With the disclosure of the performance obligations that are unsatisfied and the allocated transaction price, Swisscom avails itself of the rules of IFRS 15.121. The exemption is not applied in the case of mobile-phone contracts with the sale of a subsidised mobile handset and a minimum contract term. These contracts incorporate revenue of CHF 616 million (2025: CHF 460 million; 2026: CHF 147 million; 2027: CHF 9 million).

Contract costs

Contract costs include deferred costs to obtain a contract as well as costs to fulfil a contract, which may be analysed as follows:

In CHF million	31.12.2024	31.12.2023
Costs to obtain a contract		
Swisscom Switzerland	32	33
Fastweb	106	81
Vodafone Italia	200	–
Other	45	52
Total costs to obtain a contract	**383**	**166**
Costs to fulfil a contract		
Router and TV boxes	22	22
Initial costs from outsourcing contracts	67	80
Vodafone Italia	36	–
Total costs to fulfil a contract	**125**	**102**
Total contract costs	**508**	**268**

Accounting policies

Operating assets and liabilities

Total operating assets and liabilities used in the normal course of business are disclosed as current items in the balance sheet.

Trade receivables

Trade receivables are measured at amortised cost less impairment losses. Impairment losses on trade receivables are recognised, depending on the nature of the underlying transaction, in the form of individual valuation allowances or portfolio-based general valuation allowances which cover the anticipated default risk. As regards portfolio-based general valuation allowances, financial assets are grouped together based on homogeneous credit risk attributes, reviewed collectively for impairment and, whenever required, impairment losses are recognised. In addition to the contractually foreseen payment conditions, historical default rates and current information and expectations are taken into consideration in determining the expected future cash flows from the portfolio. Impairment losses for trade receivables are recognised as other operating expenses.

3.2 Property, plant and equipment

In CHF million	Technical installations	Land, buildings and leasehold improvements	Other installations	Advances made and assets under construction	Total
Cost of acquisition					
Balance at 1 January 2023	**27,851**	**1,673**	**4,657**	**903**	**35,084**
Additions	1,067	8	196	338	1,609
Disposals	(285)	(2)	(281)	–	(568)
Adjustment to dismantlement and restoration costs	185	–	34	–	219
Reclassifications to non-current assets held for sale	–	(19)	–	–	(19)
Reclassifications	150	11	107	(267)	1
Business combinations	–	–	1	–	1
Foreign currency translation adjustments	(350)	(5)	(2)	(4)	(361)
Balance at 31 December 2023	**28,618**	**1,666**	**4,712**	**970**	**35,966**
Additions	950	18	188	476	1,632
Disposals	(103)	(14)	(105)	–	(222)
Adjustment to dismantlement and restoration costs	77	–	7	–	84
Reclassifications to non-current assets held for sale	–	5	–	–	5
Reclassifications	154	2	87	(243)	–
Business combinations [1]	1,947	43	42	33	2,065
Foreign currency translation adjustments	85	1	–	1	87
Balance at 31 December 2024	**31,728**	**1,721**	**4,931**	**1,237**	**39,617**
Accumulated depreciation and impairment losses					
Balance at 1 January 2023	**(19,452)**	**(1,409)**	**(3,412)**	**–**	**(24,273)**
Depreciation	(1,084)	(16)	(296)	–	(1,396)
Impairment losses	(49)	–	(1)	–	(50)
Disposals	285	2	275	–	562
Reclassifications to non-current assets held for sale	–	12	–	–	12
Reclassifications	4	(4)	–	–	–
Foreign currency translation adjustments	234	3	1	–	238
Balance at 31 December 2023	**(20,062)**	**(1,412)**	**(3,433)**	**–**	**(24,907)**
Depreciation	(1,051)	(16)	(299)	–	(1,366)
Impairment losses	(3)	–	(1)	–	(4)
Disposals	103	12	104	–	219
Reclassifications to non-current assets held for sale	–	(3)	–	–	(3)
Reclassifications	1	–	(1)	–	–
Foreign currency translation adjustments	(55)	–	–	–	(55)
Balance at 31 December 2024	**(21,067)**	**(1,419)**	**(3,630)**	**–**	**(26,116)**
Net carrying amount					
Net carrying amount at 1 January 2023	**8,399**	**264**	**1,245**	**903**	**10,811**
Net carrying amount at 31 December 2023	**8,556**	**254**	**1,279**	**970**	**11,059**
Net carrying amount at 31 December 2024	**10,661**	**302**	**1,301**	**1,237**	**13,501**

1 Incl. Vodafone Italia. See Note 5.3.

Commitments for future capital expenditures

Firm contractual commitments for future capital investments in property, plant and equipment as at 31 December 2024 aggregated CHF 1,405 million (prior year: CHF 1,162 million). These figures do not include Vodafone Italia.

Non-cash investing and financing transactions

As a result of changes in the assumptions made in estimating dismantlement and restoration costs, an increase in the corresponding provisions of CHF 84 million (prior year: increase of CHF 219 million) was recognised in property, plant and equipment with no impact on the income statement. See Note 3.5.

Significant judgements or estimates

Management estimates the useful economic lives and residual values of technical facilities, real estate and other installations and equipment on the basis of the anticipated period over which economic benefits will accrue to the company from the use of the assets. Useful economic lives are reviewed annually on the basis of historical and forecast expectations concerning future technological developments, economic and legal changes as well as further external factors.

Accounting policies

Property, plant and equipment is recognised at historical cost less depreciation and impairment losses. In addition to historical cost and the costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the purchase or manufacturing cost also includes the estimated costs for dismantling and restoring the site. Borrowing costs are capitalised insofar as they are directly attributable to the acquisition or production of a qualifying asset. Costs for the replacement, renewal or renovation of property, plant and equipment are capitalised as replacement investments if a future inflow of economic benefits is probable and the purchase or manufacturing cost can be measured reliably. The carrying amount of the parts replaced is de-recognised. Depreciation is calculated using the straight-line method except for land, which is not depreciated. The estimated useful lives for the main categories of property, plant and equipment are as follows:

Category	Years
Ducts [1]	40
Cables [1]	11 to 30
Transmission and switching equipment [1]	4 to 15
Other technical installations [1]	3 to 15
Buildings and leasehold improvements	10 to 40
Other installations	3 to 15

1 Technical installations.

Whenever significant parts of an item of property, plant and equipment comprise individual components with differing useful lives, each component is depreciated separately. The process for estimating useful lives takes into account the expected use by the company, the expected wear and tear, technological developments, as well as empirical values with comparable assets. Leasehold improvements and installations in leased premises are depreciated on a straight-line basis over the shorter of their estimated useful lives and the expected lease term. The impact from adjusting useful economic lives and residual values is recognised on a prospective basis. Whenever indications exist that the value of an asset may be impaired, the recoverable amount of the asset is determined. If the recoverable amount of the asset, which is the greater of the fair value less costs to sell and the value in use, is less than its carrying amount, the carrying amount is written down to the recoverable amount. The carrying amount of an item of property, plant and equipment is de-recognised upon disposal or whenever no future economic benefits are expected from its use. Gains and losses arising on the disposal of property, plant and equipment are recognised as other income or other operating expenses.

3.3 Intangible assets

In CHF million	Purchased software	Internally generated software	Licences	Brands and customer relations	Other intangible assets	Total
Cost of acquisition						
Balance at 1 January 2023	**2,604**	**1,994**	**1,105**	**420**	**213**	**6,336**
Additions	251	251	136	–	31	669
Disposals	(62)	(66)	(22)	(4)	–	(154)
Reclassifications	46	81	–	–	(128)	(1)
Business combinations	–	–	–	33	–	33
Sale of subsidiaries	–	(2)	–	–	–	(2)
Foreign currency translation adjustments	(113)	(11)	(15)	(14)	(1)	(154)
Balance at 31 December 2023	**2,726**	**2,247**	**1,204**	**435**	**115**	**6,727**
Additions	247	276	125	–	22	670
Disposals	(53)	(34)	(120)	(64)	(17)	(288)
Reclassifications	7	29	–	–	(36)	–
Business combinations [1]	385	–	2,077	1,727	277	4,466
Foreign currency translation adjustments	28	3	4	4	–	39
Balance at 31 December 2024	**3,340**	**2,521**	**3,290**	**2,102**	**361**	**11,614**
Accumulated amortisation and impairment losses						
Balance at 1 January 2023	**(2,171)**	**(1,522)**	**(488)**	**(349)**	**(65)**	**(4,595)**
Amortisation	(241)	(252)	(154)	(22)	(10)	(679)
Impairment losses	(1)	–	–	–	–	(1)
Disposals	61	65	22	4	–	152
Foreign currency translation adjustments	101	12	4	15	1	133
Balance at 31 December 2023	**(2,251)**	**(1,697)**	**(616)**	**(352)**	**(74)**	**(4,990)**
Amortisation	(261)	(285)	(170)	(20)	(6)	(742)
Impairment losses	(1)	–	–	–	–	(1)
Disposals	53	34	110	64	17	278
Foreign currency translation adjustments	(24)	(3)	(4)	(4)	–	(35)
Balance at 31 December 2024	**(2,484)**	**(1,951)**	**(680)**	**(312)**	**(63)**	**(5,490)**
Net carrying amount						
Net carrying amount at 1 January 2023	**433**	**472**	**617**	**71**	**148**	**1,741**
Net carrying amount at 31 December 2023	**475**	**550**	**588**	**83**	**41**	**1,737**
Net carrying amount at 31 December 2024	**856**	**570**	**2,610**	**1,790**	**298**	**6,124**

1 Incl. Vodafone Italia. See Note 5.3.

As at 31 December 2024, other intangible assets included advance payments made and uncompleted development projects of CHF 58 million (prior year: CHF 32 million).

Commitments for future capital expenditures

As at 31 December 2024, firm contractual commitments for future capital investments in intangible assets aggregated CHF 57 million (prior year: CHF 55 million). These figures do not include Vodafone Italia.

Significant judgements or estimates

Management estimates the useful economic lives and residual values of intangible assets on the basis of the anticipated period over which economic benefits will accrue to the company from the use of the assets. Useful economic lives are reviewed annually on the basis of historical and forecast expectations concerning future technological developments, economic and legal changes as well as further external factors.

Accounting policies

Mobile-phone licences, self-developed software as well as other intangible assets are recorded at historical cost less accumulated amortisation. Intangible assets resulting from business combinations, such as brands and customer relationships, are recognised at cost less accumulated amortisation, which equates to fair market value as at the date of acquisition. Mobile-phone licences are amortised based on the term of the licence. It begins as soon as the related network is ready for operation, unless other information is at hand which would suggest the need to modify the useful lives. The impact from adjusting useful economic lives and residual values is recognised on a prospective basis. Amortisation is computed on a straight-line basis over the following estimated useful economic lives.

Category	Years [1]
Software internally generated and purchased	3 to 7
Brands and customer relationships	5 to 10
Licences	2 to 16
Other intangible assets	3 to 10

1 Excl. Vodafone Italia.

Whenever indications exist that the value of an asset may be impaired, the recoverable amount of the asset is determined. If the recoverable amount of the asset, which is the greater of the fair value less costs to sell and the value in use, is less than its carrying amount, the carrying amount is written down to the recoverable amount.

3.4 Goodwill

Swisscom allocates goodwill to the cash-generating units based upon their business activities. Goodwill arising in a business combination is allocated to each cash-generating unit which can derive synergies from the business combination. The goodwill allocated to the cash-generating units may be analysed as follows:

In CHF million	Residential Customers Swisscom Switzerland	Business Customers Swisscom Switzerland	Fastweb	Other cash-generating units [1]	Total
At cost					
Balance at 1 January 2023	**2,767**	**1,501**	**1,749**	**412**	**6,429**
Business combinations	–	29	1	1	31
Foreign currency translation adjustments	(2)	–	(106)	–	(108)
Balance at 31 December 2023	**2,765**	**1,530**	**1,644**	**413**	**6,352**
Business combinations [2]	–	4	–	1,145	1,149
Foreign currency translation adjustments	–	–	26	–	26
Balance at 31 December 2024	**2,765**	**1,534**	**1,670**	**1,558**	**7,527**
Accumulated impairment losses					
Balance at 1 January 2023	**–**	**–**	**(1,257)**	**–**	**(1,257)**
Foreign currency translation adjustments	–	–	77	–	77
Balance at 31 December 2023	**–**	**–**	**(1,180)**	**–**	**(1,180)**
Impairment losses	–	–	–	(30)	(30)
Foreign currency translation adjustments	–	–	(19)	–	(19)
Balance at 31 December 2024	**–**	**–**	**(1,199)**	**(30)**	**(1,229)**
Net carrying amount					
Net carrying amount at 1 January 2023	**2,767**	**1,501**	**492**	**412**	**5,172**
Net carrying amount at 31 December 2023	**2,765**	**1,530**	**464**	**413**	**5,172**
Net carrying amount at 31 December 2024	**2,765**	**1,534**	**471**	**1,528**	**6,298**

1 Comprises the cash-generating units Wholesale Swisscom Switzerland, Swisscom Directories and Vodafone Italia.

2 Incl. Vodafone Italia. See Note 5.3.

Impairment testing

In the fourth quarter of 2024 and after the conclusion of business planning, individual goodwill amounts were subjected to impairment tests. The recoverable amount of a cash-generating unit is determined based on its value in use, applying the discounted cash flow (DCF) method. The projected free cash flows were estimated on the basis of the business plans approved by management, which as a rule cover a three-year period. A planning horizon of five years was used for the Fastweb impairment test. For free cash flows extending beyond the detailed planning period, a terminal value was computed by capitalising the normalised cash flows. A steady long-term growth rate that corresponds to the growth rates customary in the country or market was assumed. The projected cash flows and management assumptions are corroborated by external sources of information. The discount rate is derived from the Capital Asset Pricing Model (CAPM). This latter comprises the weighted value of own equity and external borrowing costs. For the risk-free interest rate which forms the basis of the discount rate, the yield from Swiss government bonds is taken (abroad: Germany) with a maturity of ten years and a zero interest rate, subject to minimum interest rates of 1.5% (Switzerland) and 2.0% (abroad). For cash-generating units abroad, a risk premium for the country risk is then added.

Discount rates and long-term growth rates

			2024			2023
Cash-generating unit	WACC pre-tax	WACC post-tax	Long-term growth rate	WACC pre-tax	WACC post-tax	Long-term growth rate
Residential Customers Swisscom Switzerland	4.65%	3.81%	0%	4.95%	4.06%	0%
Business Customers Swisscom Switzerland	4.63%	3.81%	0%	4.94%	4.06%	0%
Fastweb	7.58%	6.00%	2.0%	7.90%	6.24%	2.0%
Other cash-generating units	4.65–9.86%	3.81–8.63%	0–2.4%	4.95–9.69%	4.06–8.53%	0–1.0%

Results and sensitivity of impairment tests

Residential Customers and Business Customers Swisscom Switzerland

As at the measurement date, the recoverable amount at all cash-generating units, based on their value in use, was higher than the carrying amount relevant for the impairment test. Swisscom believes none of the anticipated changes in key assumptions which can rationally be expected would cause the carrying amount of the cash-generating units to exceed the recoverable amount.

Fastweb

As at the date of the impairment test, no impairment of goodwill resulted. The recoverable amount exceeded the net carrying amount by EUR 773 million (CHF 727 million). In the prior year, the difference amounted to EUR 627 million (CHF 603 million). The following changes in material assumptions would lead to a situation where the value in use would equate to the net carrying amount.

		2024		2023
	Assumptions	Sensitivity	Assumptions	Sensitivity
Average annual revenue growth until 2029 (2028) with EBITDA margin unchanged compared to business plan	5.4%	4.3%	5.4%	4.5%
Normalised EBITDA margin	27%	25%	28%	27%
Normalised capital expenditure rate	18%	19%	19%	20%
WACC post-tax	6.00%	6.91%	6.24%	7.07%
Long-term growth rate	2.0%	0.9%	2.0%	1.0%

Vodafone Italia

For a number of reasons, the goodwill resulting from the acquisition of Vodafone Italia is not allocated to an existing cash-generating unit. Swisscom assumed control of the company on 31 December 2024 and prior to that point, access to the data was extremely limited. In addition, the reporting structure of Swisscom, and with it management's administration and monitoring of Vodafone Italia's operations, will change during the course of 2025. On a provisional basis, the non-allocated goodwill amounts to EUR 1,217 million. (CHF 1,145 million).

For the impairment test, the recoverable amount for Vodafone Italia (including the non-allocated goodwill) has therefore been determined on an individual basis, using a discounted cash flow (DCF) method. The projected free cash flows were estimated over a five-year period. For free cash flows extending beyond the five-year period, a terminal value was computed by capitalising the normalised cash flows. A long-term growth rate of 2.4% was assumed in line with long-term inflation in Italy. The discount rate was determined as 6.9% post-tax (WACC pre-tax: 8.72%), based on the Capital Asset Pricing Model (CAPM).

The updated assessment shows that the purchase price and therefore the assets on which it is based, including goodwill, are recoverable. Swisscom takes the view that none of the expected changes to the key assumptions that could be reasonably expected will result in the carrying amount of Vodafone Italia exceeding the recoverable amount.

Significant judgements or estimates

The allocation of goodwill to the cash-generating units and the computation of the recoverable amount are subject to the judgement of management. This encompasses the estimation of future cash flows as well as the determination of the discounting rate and the growth rate on the basis of historical data and current forecasts.

Accounting policies

For the purposes of the impairment test, goodwill is allocated to the cash-generating units. The impairment test is performed annually on a mandatory basis. Whenever there is any indication during the year that goodwill may be impaired, the cash-generating unit is tested for impairment at that time. An impairment loss is recognised if the recoverable amount of a cash-generating unit is lower than its carrying amount. The recoverable amount is the greater of the fair value less costs to sell and the value in use.

3.5 Provisions and contingent liabilities

Provisions

In CHF million	Dismantlement and restoration costs	Regulatory and competition law proceedings	Other	Total
Balance at 1 January 2024	**866**	**200**	**197**	**1,263**
Additions to provisions	–	8	130	138
Adjustments recorded under property, plant and equipment	84	–	–	84
Interest and present-value adjustments	9	(21)	2	(10)
Release of unused provisions	–	(19)	(12)	(31)
Use of provisions	(23)	(16)	(45)	(84)
Business combinations [1]	–	–	181	181
Foreign currency translation adjustments	–	–	(1)	(1)
Balance at 31 December 2024	**936**	**152**	**452**	**1,540**
Thereof current provisions	54	18	149	221
Thereof non-current provisions	882	134	303	1,319

1 Incl. Vodafone Italia. See Note 5.3.

Provisions for dismantlement and restoration costs

The provisions are computed by reference to estimates of future anticipated dismantling costs and are discounted using an average interest rate of 0.86% (prior year: 1.08%). Adjustments as a result of reassessments in the amount of CHF 62 million were recognised under property, plant and equipment with no impact on the income statement in 2024. Of this amount, CHF 32 million resulted from the use of different interest rates and CHF 30 million from the adjustment of the cost index and the other assumptions used to calculate dismantling costs. An increase of estimated costs by 10% would result in an increase of CHF 88 million in the amount of the provision. A delay of another ten years in the timing of the dismantling would lead to an increase of CHF 67 million in the provisions.

Provisions for regulatory and competition law proceedings

In accordance with the Telecommunications Act, Swisscom provides access services (incl. interconnection) to other telecommunications service providers in Switzerland. In previous years, several telecommunications service providers demanded ComCom reduce the prices charged to them by Swisscom for regulated network access services. The Competition Commission (COMCO) has also launched various investigations against Swisscom in the past.

In its investigation of the invitation to tender for the corporate network of the Swiss Post in 2008, the Competition Commission (COMCO) reached the conclusion in November 2015 that Swisscom had a dominant position on the market for broadband access for business clients. COMCO imposed a penalty of CHF 8 million on grounds of conduct that was judged to be unlawful under competition law. In June 2021, the Federal Administrative Court largely confirmed COMCO's ruling and ordered Swisscom to pay a fine of CHF 7 million. Swisscom filed an appeal against this decision with the Federal Court. In its ruling published on 18 April 2024, the Federal Court concluded, in the final instance, that Swisscom had behaved correctly and repealed COMCO's penalty decision.

On 17 December 2020, COMCO opened an investigation into Swisscom's optical fibre network and ordered precautionary measures. Swisscom filed an appeal against these precautionary measures. In its ruling of 2 November 2022, the Federal Court found that the precautionary measures ordered by the Competition Commission (which had previously been confirmed by the Federal Administrative Court) were not arbitrary and confirmed them as well. On 25 April 2024, COMCO published a penalty notice in the amount of CHF 18 million on grounds of conduct which was judged to be unlawful under competition law. Swisscom has appealed against the decision before the Federal Administrative Court.

In April 2013, COMCO launched an investigation against Swisscom under the Federal Cartel Act concerning the broadcasting of sporting events on pay TV. In May 2016, COMCO imposed a penalty of CHF 72 million on Swisscom in these proceedings. Swisscom filed an appeal against this ruling with the Federal Administrative Court. In June 2022, the Federal Administrative Court largely confirmed COMCO's ruling and ordered Swisscom to pay a fine of CHF 72 million. Swisscom paid the fine in the third quarter of 2022. Swisscom filed an appeal against this decision with the Federal Court. The Federal Court confirmed the fine of CHF 72 million in the final instance on 10 May 2024.

In the past, Swisscom recognised provisions for regulatory and antitrust proceedings on the basis of legal assessments. As a result of the reassessment of these proceedings, provisions of CHF 8 million were recognised in 2024 and provisions of CHF 40 million (incl. interest) were reversed. Any payments to be made will depend upon the date on which legally binding decrees and decisions are issued, and could probably occur within five years.

Other provisions

Other provisions primarily includes provisions for contractual risks and termination benefits as well as provisions of Vodafone Italia. Any necessary payments of the non-current portion of the provisions could likely occur within three years.

Contingent liabilities for regulatory and competition law proceedings

The Competition Commission (COMCO) is conducting several proceedings against Swisscom. In the event that a legally enforceable finding of market abuse is reached, COMCO might impose a penalty on Swisscom. In addition, claims under civil law might be asserted against Swisscom. In view of the previous proceedings conducted by COMCO, further proceedings against Swisscom might be initiated.

Significant judgements or estimates

The provisions for dismantling and restoration costs relate to the dismantling of telecommunications installations and transmitter stations as well as the restoration to its original state of land held by third-party owners. The level of the provisions is determined to a significant degree by the estimation of future dismantling and restoration costs, as well as the timing of dismantlement. The provisions and contingent liabilities for regulatory and antitrust proceedings relate to proceedings in connection with regulated access services provided by Swisscom and proceedings initiated by COMCO. The legal and accounting assessment of these proceedings is associated with significant uncertainties in estimation and scope for discretion with regard to the probability of occurrence and the amount of a possible cash outflow. The provisions recognised in this way constitute the best estimate of the liability. Possible liabilities whose occurrence as at the balance-sheet date cannot be assessed, or liabilities for which the level cannot be reliably estimated, are disclosed as contingent liabilities.

Accounting policies

Provisions are recognised whenever a legal or constructive obligation arises from past events, the outflow of resources to settle this liability is probable, and the amount of the liability can be estimated reliably. Provisions are discounted if the effect is material.

Provisions for dismantlement and restoration costs

Swisscom is legally obligated to dismantle transmitter stations and telecommunications installations located on land belonging to third parties following decommissioning, and to restore to its original state the property owned by third parties in the locations where these installations are erected. The costs of dismantling are capitalised as part of the acquisition costs of the installations, and are amortised over their useful lives. The provisions are measured at the present value of the aggregate future costs, and are reported under non-current provisions. Whenever the provision is re-measured, the present value of the changes in the liability is either added to or deducted from the cost of the related capitalised item of property, plant and equipment. The amount deducted from the cost of the related asset must not exceed its net carrying amount. Any excess is taken directly to income.

4 Employees

This chapter contains information on employee headcount and personnel expense, the compensation paid to key management personnel and retirement benefit obligations.

4.1 Employee headcount and personnel expense

Employee headcount

In full-time equivalent	31.12.2024	31.12.2023	Change
Residential Customers	2,423	2,550	–5.0%
Business Customers	5,544	5,446	1.8%
Wholesale	80	83	–3.6%
Infrastructure & Support Functions	5,272	5,184	1.7%
Swisscom Switzerland	**13,319**	**13,263**	**0.4%**
Fastweb	3,299	3,157	4.5%
Other Operating Segments	3,269	3,309	–1.2%
Total headcount	**19,887**	**19,729**	**0.8%**
Thereof Switzerland	15,905	16,050	–0.9%
Thereof other countries	3,982	3,679	8.2%
Average number of employees	19,918	19,461	2.3%

The headcount as at 31 December 2024 reported above excludes Vodafone Italia (with around 4,000 full-time equivalents).

Personnel expense

In CHF million	2024	2023
Salary and wage costs	2,150	2,105
Social security expenses	272	260
Expense of defined benefit plans [1]	252	236
Expense of defined contribution plans	11	11
Expense for share-based payments	1	1
Termination benefits	14	7
Other personnel expense	49	60
Total personnel expense	**2,749**	**2,680**
Thereof Switzerland	2,471	2,420
Thereof other countries	278	260

1 See Note 4.3.

4.2 Key management compensation

In CHF thousand	2024	2023
Current compensation	1,338	1,368
Share-based payments	776	758
Pension contributions	163	136
Social security contributions	137	146
Total compensation to members of the Board of Directors	**2,414**	**2,408**
Current compensation	6,776	6,251
Share-based payments	1,570	871
Benefits paid following retirement from Group Executive Board	331	–
Pension contributions	1,079	951
Social security contributions	708	636
Total compensation to members of the Group Executive Board	**10,464**	**8,709**
Total compensation to members of the Board of Directors and of the Group Executive Board	**12,878**	**11,117**

Swisscom’s key management personnel are the members of the Board of Directors and Group Executive Board of Swisscom Ltd. Compensation paid to members of the Board of Directors consists of a base salary plus functional allowances. One third of the entire compensation of the Board of Directors is settled in the form of equity shares. Compensation paid to the members of the Group Executive Board consists of a fixed basic salary paid in cash, a variable performance-related component settled in cash and shares, payments in kind and non-cash benefits, as well as pension and social insurance contributions. 25% of the variable performance-related share of the members of the Group Executive Board is settled in shares. The Group Executive Board members may elect to increase this share to 50%. The disclosure pursuant to Articles 734–734f of the Swiss Code of Obligations is set out in the Remuneration Report chapter. Shares in Swisscom Ltd held by the members of the Board of Directors and Group Executive Board are set out in the notes to the separate financial statements of Swisscom Ltd.

4.3 Defined benefit plans

Pension plans

comPlan

The majority of employees in Switzerland are insured under the Swisscom pension plan against the risks of old age, death and disability. The pension plan is implemented by the comPlan foundation. The supreme governing body of the pension fund is the Foundation Council, which is made up of an equal number of representatives from the employees and the employer. The pension fund rules, together with the legal provisions concerning occupational pension plans, constitute the formal regulatory framework of the pension plan. Individual retirement savings accounts are maintained for all insured persons. Amounts are credited to these individual savings accounts on an annual basis and interest is accrued. The rate of interest to be applied to the retirement savings accounts is set each year by the Foundation Council, having regard to the financial situation of the pension fund as well as the statutory minimum interest rate. The amounts credited to the individual savings accounts are funded by savings contributions from both the employer and employees that vary based on salary and age. In addition, the employer pays risk contributions to fund death and disability benefits.

The standard retirement age is 65. Employees are entitled to early retirement with a reduced old-age pension. The amount of the old-age pension is the result of multiplying the individual retirement savings account at the time of retirement by a conversion rate set out in the pension fund rules. The retirement benefits can also be paid out in the form of a capital payment either in full or in part. In case of early retirement, the employer also finances an OASI bridging pension until the standard retirement age. The amount of disability pensions is determined as a percentage of the insured salary and is independent of the number of years of service.

The formal regulatory framework contains various provisions concerning risk sharing between the employees and the employer. In the event of a funding shortfall, computed in accordance with Swiss accounting standards for pension funds (Swiss GAAP APR 26), the Foundation Council lays down measures which shall lead to the elimination of this funding deficit and the restoration of financial equilibrium within a timeframe of five to seven years. Such measures may include a reduced or zero interest rate on retirement savings accounts, a reduction in future benefits, the levying of restructuring contributions or a combination of these measures. Should a structural funding shortfall exist as a result of interest-induced insufficient current funding, the top priority is to remedy this situation by adapting future benefits. Employer's restructuring contributions must, at a minimum, be equal to the sum of employee restructuring contributions. Under the formal regulatory framework, the employer has no legal obligation to pay additional contributions to eliminate more than 50% of a funding shortfall. From past common business practice, Swisscom has a de facto obligation over and above the legal minimum to pay additional or restructuring contributions in the case of funding shortfalls and structural funding deficits. The upper limit of the employer's share of future benefit costs in accordance with IAS 19.87(c) is assumed to be at the level of the de facto obligation.

As a result of the OASI 21 reform, the comPlan Foundation Council amended the pension fund rules in the fourth quarter of 2023. The OASI reform standardised the retirement age at 65 for OASI and occupational pensions. comPlan was already applying a standard retirement age of 65 for all genders. There was one exception for the OASI bridging pension with regard to women. This was adjusted with the amendment to the pension fund rules. The plan amendment resulted in recognition of CHF 7 million as past service cost in the income statement in 2023. This is based on a remeasurement of the net defined benefit obligation using the current fair values of plan assets at the inception of the plan amendment and current actuarial assumptions, taking into account the risk-sharing characteristics. The past service cost is the difference between the valuation under the previous regulatory benefits and contributions and the valuation under the amended regulatory benefits and contributions.

In accordance with the relevant Swiss accounting principles and standards (Swiss GAAP APR 26), comPlan's estimated funding ratio amounted to 118.1% as at 31 December 2024 (prior year: 114.5%). The main reasons for the difference compared with IFRS are the use of a different discount rate as well as a different actuarial measurement method with the deferred recognition of the costs of future retirement benefits.

Other plans

Other pension plans exist for individual Swiss subsidiary companies which are not affiliated to comPlan and for Fastweb and Vodafone Italia. Employees of the Italian subsidiary Fastweb have acquired entitlements to future pension benefits up to the end of 2006, which are recorded in the balance sheet as defined benefit obligations. The discount rate used was 3.38% (prior year: 3.17%).

Pension cost

In CHF million	comPlan	Other plans	2024	comPlan	Other plans	2023
Current service cost	241	7	248	219	6	225
Plan amendments	–	–	–	7	–	7
Administration expense	3	1	4	3	1	4
Total recognised in personnel expense	**244**	**8**	**252**	**229**	**7**	**236**
Interest expense on net defined benefit obligations	(3)	–	(3)	(5)	–	(5)
Total recognised in financial income	**(3)**	**–**	**(3)**	**(5)**	**–**	**(5)**
Total expense of defined benefit plans recognised in income statement	**241**	**8**	**249**	**224**	**7**	**231**

In CHF million	comPlan	Other plans	2024	comPlan	Other plans	2023
Actuarial gains and losses from						
Change of the demographical assumptions	(15)	–	(15)	3	–	3
Change of the financial assumptions	690	–	690	853	–	853
Experience adjustments to defined benefit obligations	249	1	250	21	(1)	20
Change in share of employee contribution (risk sharing)	(123)	–	(123)	(307)	–	(307)
Return on plan assets excluding the part recognised in financial result	(658)	–	(658)	(228)	–	(228)
Asset ceiling	(123)	–	(123)	(306)	–	(306)
Total (income) expense of defined benefit plans recognised in other comprehensive income	**20**	**1**	**21**	**36**	**(1)**	**35**

Status of pension plans

In CHF million	comPlan	Other plans	2024	comPlan	Other plans	2023
Defined benefit obligations						
Balance at 1 January	**11,788**	**52**	**11,840**	**11,136**	**48**	**11,184**
Current service cost	241	7	248	219	6	225
Interest cost on defined benefit obligations	173	–	173	234	–	234
Employee contributions	184	–	184	181	–	181
Benefits paid	(590)	–	(590)	(559)	(1)	(560)
Actuarial losses (gains)	801	1	802	570	(1)	569
Change in scope of consolidation	–	31	31	–	–	–
Plan amendments	–	–	–	7	–	7
Foreign currency translation adjustments	–	–	–	–	–	–
Balance at 31 December	**12,597**	**91**	**12,688**	**11,788**	**52**	**11,840**
Plan assets						
Balance at 1 January	**12,165**	**31**	**12,196**	**11,805**	**26**	**11,831**
Interest income on plan assets	182	–	182	253	–	253
Employer contributions	250	8	258	260	6	266
Employee contributions	184	–	184	181	–	181
Benefits paid	(590)	–	(590)	(559)	–	(559)
Return on plan assets excluding the part recognised in financial result	658	–	658	228	–	228
Administration expense	(3)	(1)	(4)	(3)	(1)	(4)
Balance at 31 December	**12,846**	**38**	**12,884**	**12,165**	**31**	**12,196**
Net defined benefit obligations (assets)						
Net defined benefit obligations (assets) before asset ceiling	(249)	53	(196)	(377)	21	(356)
Asset ceiling	249	–	249	366	–	366
Net defined benefit obligations (assets) recognised at 31 December	**–**	**53**	**53**	**(11)**	**21**	**10**
Thereof defined benefit asset	–	–	–	(11)	–	(11)
Thereof defined benefit obligations	–	53	53	–	21	21

Movements in recognised defined benefit obligations (assets) are to be analysed as follows:

In CHF million	comPlan	Other plans	2024	comPlan	Other plans	2023
Balance at 1 January	**(11)**	**21**	**10**	**(11)**	**22**	**11**
Pension cost, net	241	8	249	224	7	231
Employer contributions and benefits paid	(250)	(8)	(258)	(260)	(7)	(267)
Change in scope of consolidation	–	31	31	–	–	–
(Income) expense of defined benefit plans, recognised in other comprehensive income	20	1	21	36	(1)	35
Foreign currency translation adjustments	–	–	–	–	–	–
Balance at 31 December	**–**	**53**	**53**	**(11)**	**21**	**10**

The weighted average duration of the present value of the defined benefit obligations for comPlan is 14 years (prior year: 13 years).

Breakdown of comPlan pension plan assets

Category	Investment strategy	31.12.2024 Quoted	Not quoted	Total	31.12.2023 Quoted	Not quoted	Total
Government bonds Switzerland	5.0%	1.8%	3.4%	5.2%	1.9%	3.3%	5.2%
Corporate bonds Switzerland	8.0%	7.6%	0.0%	7.6%	7.1%	0.0%	7.1%
Government bonds developed markets, World	2.5%	3.2%	0.0%	3.2%	3.8%	0.0%	3.8%
Corporate bonds developed markets, World	9.0%	9.0%	0.0%	9.0%	9.0%	0.0%	9.0%
Government bonds emerging markets, World	4.0%	6.2%	0.0%	6.2%	7.5%	0.0%	7.5%
Private debt	6.0%	0.0%	5.2%	5.2%	0.0%	4.5%	4.5%
Third-party debt instruments	**34.5%**	**27.8%**	**8.6%**	**36.4%**	**29.3%**	**7.8%**	**37.1%**
Equity shares Switzerland	7.0%	7.2%	0.0%	7.2%	7.1%	0.0%	7.1%
Equity shares World	19.0%	20.1%	0.0%	20.1%	18.9%	0.0%	18.9%
Private markets	10.0%	0.0%	9.4%	9.4%	0.0%	10.1%	10.1%
Equity instruments	**36.0%**	**27.3%**	**9.4%**	**36.7%**	**26.0%**	**10.1%**	**36.1%**
Real estate Switzerland	17.0%	5.4%	11.9%	17.3%	5.2%	11.3%	16.5%
Real estate World	9.0%	0.0%	7.2%	7.2%	0.0%	7.8%	7.8%
Gold	2.0%	2.1%	0.0%	2.1%	0.0%	2.1%	2.1%
Real value investments	**28.0%**	**7.5%**	**19.1%**	**26.6%**	**5.2%**	**21.2%**	**26.4%**
Cash and cash equivalents	1.5%	0.0%	0.3%	0.3%	0.0%	0.4%	0.4%
Total plan assets	**100.0%**	**62.6%**	**37.4%**	**100.0%**	**60.5%**	**39.5%**	**100.0%**

The Foundation Council determines the investment strategy with bandwidths within the framework of the legal provisions. Within its guidelines, the Investment Commission decides on how the investment strategy is to be implemented. As a competence centre, it coordinates all activities and implements the decisions. The investment strategy pursues the goal of achieving the highest possible return on assets within the framework of its risk tolerance, and thus of generating income on a long-term basis to meet all financial obligations. This is achieved through a broad diversification of risks over various investment categories, markets, currencies and industry segments in both developed and emerging markets. The interest rate duration of interest-bearing assets is 7.8 years (prior year: 7.9 years), and the average rating of these assets is A- (prior year: A-). Within the overall portfolio, all foreign currency positions are hedged against the Swiss franc following a currency strategy to the extent necessary to meet a pre-determined ratio of 16% (unhedged foreign currencies). Following this investment strategy, comPlan expects its results prepared in accordance with Swiss GAAP APR to show a target value for the value fluctuation reserve of 19.0% of total assets.

Additional information on plan assets

As at 31 December 2024, plan assets included Swisscom Ltd shares and bonds with a fair value of CHF 12 million (prior year: CHF 15 million). The effective income from plan assets was CHF 840 million in 2024 (prior year: CHF 481 million). In 2025, Swisscom expects to make payments to the pension funds for statutory employer contributions totalling CHF 270 million.

Assumptions underlying comPlan actuarial computations

Assumptions	2024	2023
Discount rate	0.98%	1.51%
Expected rate of salary increases	1.18%	1.83%
Expected rate of pension increases	–%	–%
Capital withdrawal ratio	34%	30%
Interest on old age savings accounts up to 5 years	3.67%	2.89%
Interest on old age savings accounts after 5 years	1.07%	1.51%
Share of employee contribution to funding shortfall	40%	40%
Share of employee contribution to surplus	50%	50%
Life expectancy at age of 65 – men (number of years)	22.33	22.24
Life expectancy at age of 65 – women (number of years)	24.12	24.02

The discount rate is based upon CHF-denominated corporate bonds with an AA rating of domestic and foreign issuers and listed on the Swiss Exchange SIX. The assumption regarding the rate of salary increases is based on past values from recent years and takes long-term inflation expectations into account. No future pension increases are expected because comPlan does not have sufficient fluctuation reserves for this under pension law. The interest rate on the individual savings balances has been determined taking into account the BVG minimum interest rate for the mandatory BVG portion. Life-expectancy assumptions are arrived at through a projection of future mortality improvements in accordance with the Continuous Mortality Investigation Model (CMI) and are based on improvements in mortality actually observed in Switzerland in the past. The computations are made with a future long-term rate of mortality improvement of 1.75%. The change in the financial estimates resulted in an actuarial net loss of CHF 690 million in 2024. The drop in the discount rate resulted in a loss of CHF 749 million, whereas adjustments to other financial assumptions, in particular to the rate of salary increases and the rate of interest to be applied to the retirement savings accounts, resulted in a gain of CHF 59 million.

For the event of an interest-induced funding shortfall, the risk-sharing attributes contained in the formal regulatory framework relating to the handling of funding deficits are taken into account in the financial assumptions in two steps. As a first step, it is assumed that a gradual lowering of future pensions over a period of ten years will take place in order to close the funding gap. This is based upon a projection of the future conversion rate using a mixed rate for the mandatory and non-mandatory portions. The current legal conversion rate is applied for the mandatory portion. In the non-mandatory portion, the conversion rate is computed using the discount rate applied for the valuation. As a second step, the present value of the remaining funding gap between the regulatory contributions and the benefits adjusted in the first step is shared between the employer and the employees. The legal and de facto obligation of the employer to pay additional contributions is unchanged and assumed to be limited to 60% of the funding gap. This is based on the legal and regulatory provisions concerning the elimination of funding shortfalls as well as the measures actually decided upon by the Foundation Council and the employer in the past. If there is a surplus under IFRS, no limit is placed on the employer's share of a funding shortfall in the second step. Instead, the gross surplus is reduced by an employee contribution of 50%.

There was no interest-induced funding shortfall as at 31 December 2024, meaning that there is no assumption that pensions will be reduced. Gross surpluses arose as at 31 December 2023 and 31 December 2024. These have been reduced by the employee contribution of CHF 248 million (prior year: CHF 366 million). The change in the share of the employee contribution to the surplus is recognised in other comprehensive income.

Sensitivity analysis comPlan

Sensitivity analysis 2024

In CHF million	Defined benefit obligations		Current service cost	
	Increase assumption	Decrease assumption	Increase assumption	Decrease assumption
Discount rate (change +/–0.5%)	(710)	806	(26)	31
Expected rate of salary increases (change +/–0.5%)	38	(36)	4	(4)
Pension changes (change +0.5%/–0.0%)	638	–	19	–
Capital withdrawal ratio (change +/–5.0%)	(40)	40	(2)	2
Interest on old age savings accounts (change +/–0.5%)	90	(85)	7	(7)
Share of employee contribution to funding shortfall (change +/–10%)	–	–	–	–
Share of employee contribution to surplus (change +/–10%)	50	(50)	–	–
Life expectancy at age of 65 (change +/–0.5 year)	174	(175)	3	(3)

Sensitivity analysis 2023

In CHF million	Defined benefit obligations		Current service cost	
	Increase assumption	Decrease assumption	Increase assumption	Decrease assumption
Discount rate (change +/–0.5%)	(640)	725	(23)	27
Expected rate of salary increases (change +/–0.5%)	35	(34)	4	(4)
Pension changes (change +0.5%/–0.0%)	578	–	16	–
Capital withdrawal ratio (change +/–5.0%)	(18)	18	(1)	1
Interest on old age savings accounts (change +/–0.5%)	77	(74)	6	(6)
Share of employee contribution to funding shortfall (change +/–10%)	–	–	–	–
Share of employee contribution to surplus (change +/–10%)	73	(73)	–	–
Life expectancy at age of 65 (change +/–0.5 year)	153	(154)	3	(3)

The sensitivity analysis takes the movement in defined benefit obligations as well as current service costs into consideration by adjusting the actuarial assumptions by half a percentage point and half a year, respectively. In the process only one of the assumptions is adjusted each time, the other parameters remaining unchanged. In the sensitivity analysis, no change was made in view of a negative movement in pension increases as it is not possible to reduce current pensions. The assumed gradual reduction in conversion rates is left unchanged in the sensitivities of the discount rate shown.

Significant judgements or estimates

The determination of post-employment retirement benefit obligations requires an estimation of the future service periods, the development of future salaries and pensions, interest accruing on the employee savings accounts, the timing of contractual pension benefit payments and the employees' share of the funding shortfall. This evaluation is made on the basis of prior experience and anticipated trends. Anticipated future payments are discounted at a rate based on Swiss franc-denominated corporate bonds from domestic and foreign issuers quoted on the Swiss Exchange with an AA rating. The discount rates match the anticipated payment maturities of the liabilities.

Accounting policies

Actuarial computations of pension expenses and the related defined benefit obligations are carried out using the projected unit credit method. Current service costs, past service costs arising from pension plan amendments and plan settlements as well as administrative costs are reported in the income statement under personnel expense and interest accruing on net obligations as a finance expense. Actuarial gains and losses and the return on plan assets, excluding the amounts reflected in net interest income, are reported under other comprehensive income. The assumptions regarding net future benefits are made in compliance with the formal set of regulations governing the pension plan. As regards the Swiss pension plans, the relevant formal regulations comprise the rules of the pension fund as well as the relevant laws, ordinances and directives concerning occupational benefit plans, in particular the provisions contained therein related to funding and measures to be taken to eliminate funding shortfalls. Risk-sharing features in the formal regulatory framework are taken into account when arriving at financial assumptions; these limit the employer's share of the costs of future benefits as well as involving employees in any necessary payment of additional contributions in order to eliminate funding deficits. Should the level of committed long-term disability benefits (disability pensions), irrespective of the number of years of service, be the same for all insured employees, the costs for these benefits are recognised on the date on which the event causing the disability occurs. Any net asset value from a defined benefit plan is recognised at the lower of the surplus and the present value of any economic benefit in the form of refunds or reductions in future contributions, provided that the value fluctuation reserve set as a target by the Foundation Council is exceeded.

5 Scope of consolidation

The following chapter sets out details of the Group structure of Swisscom and includes disclosures concerning subsidiaries, joint ventures and associates. In addition, it outlines material changes in the Group structure and the corresponding impact on the consolidated financial statements.

5.1 Group structure

Swisscom Ltd is the holding company of the Group. It essentially holds direct majority shareholdings in Swisscom (Switzerland) Ltd, blue Entertainment Ltd, Swisscom Broadcast Ltd and Swisscom Directories Ltd. Fastweb S.p.A. (Fastweb) is held indirectly via Swisscom (Switzerland) Ltd as well as an intermediate company in Italy. The Vodafone Italia companies, which were acquired at the end of 2024, are held by Fastweb S.p.A. Swisscom Re Ltd is the Group's in-house reinsurance company. Swisscom raises finance in EUR through Swisscom Finance B.V. in the Netherlands.

5.2 Changes in the scope of consolidation

Net cash flows from the acquisition and disposal of participations may be analysed as follows:

In CHF million	**2024**	2023
Acquisition of Vodafone Italia less cash and cash equivalents acquired	(7,360)	–
Acquisition of other business combinations less cash and cash equivalents acquired	(10)	(49)
Payments for deferred consideration from business combinations	(2)	(13)
Proceeds from sale of subsidiaries, net of cash and cash equivalents sold	2	2
Acquisition of equity-accounted investees	(2)	(3)
Acquisition of non-controlling interests	(15)	–
Total cash flow from the purchase and sale of shareholdings, net	**(7,387)**	**(63)**

With the exception of the acquisition of Vodafone Italia, the other acquisitions and disposals of subsidiaries in 2023 and 2024 are not individually material.

5.3 Acquisition of Vodafone Italia

In March 2024, Swisscom signed a sales agreement with Vodafone Group Plc regarding the takeover of 100% of Vodafone Italia for a purchase price of EUR 8.0 billion (cash and debt-free). The transaction was completed on 31 December 2024. Vodafone Italia will be merged with the Swisscom subsidiary Fastweb at a later date. The merger of Vodafone Italia and Fastweb is intended to combine complementary mobile communications and fixed telephone network infrastructures with expertise and practical knowledge, as well as establish a leading convergent provider on the Italian market. Thanks to economies of scale, an efficient cost structure and the anticipated high synergies, the merged company is expected to create considerable added value for all stakeholders through sustainable investments in the Italian telecommunications market, innovative, convergent services at competitive prices, and improved services and customer experiences in all market segments. The takeover of Vodafone Italia is a significant step towards implementing Swisscom's strategic goal of achieving profitable growth in Italy.

At this point in time, the preliminary total consideration for the acquisition of Vodafone Italia is EUR 7,821 million (CHF 7,360 million). The purchase price is subject to an adjustment based on Vodafone Italia's final net financial position as at 31 December 2024. The purchase price adjustment is expected to be paid in March 2025. The provisional purchase price and the net cash flow from the transaction are as follows:

In million	EUR	CHF
Provisional purchase price	7,885	7,420
Cash and cash equivalents acquired	(64)	(60)
Cash flow used in investing activities, net	**7,821**	**7,360**

Costs of CHF 60 million for legal counsel, due diligence, levies and charges were incurred in connection with the transaction. These costs were recognised in other operating expense.

The business combination was provisionally recognised in the consolidated financial statements as at 31 December 2024, as not all the information required to determine the fair values of the acquired assets and liabilities was available at the time Swisscom's consolidated financial statements were prepared. The reasons for this are the size and complexity of the transaction and the fact that the acquisition of Vodafone Italia took place on 31 December 2024. The provisional figures are as follows.

In million	EUR	CHF
Cash and cash equivalents	64	60
Trade receivables	893	839
Other operating assets	450	425
Current income tax assets	74	69
Property, plant and equipment	2,192	2,063
Intangible assets	4,730	4,451
Right-of-use assets	2,115	1,990
Other assets	35	34
Financial liabilities	(13)	(12)
Lease liabilities	(1,802)	(1,697)
Trade payables	(1,209)	(1,137)
Other operating liabilities	(556)	(523)
Provisions	(191)	(180)
Deferred tax liabilities	(25)	(23)
Other liabilities	(71)	(67)
Identified assets and liabilities	**6,686**	**6,292**
Goodwill	1,217	1,145
Cost of acquisition	**7,903**	**7,437**
Thereof cash payments	7,885	7,420
Therof cash flow hedge reserve reclassified	18	17

Within the framework of the purchase price allocation, the most important tasks are the valuation of intangible assets (mobile-phone licences and customer relationships) and property, plant and equipment (network infrastructure). In the provisional purchase price allocation as at 31 December 2024, customer relationships amounting to EUR 1.6 billion (CHF 1.5 billion) were recognized at fair value. The mobile-phone licences of EUR 2.2 billion (CHF 2.1 billion), property, plant and equipment and other assets and liabilities were recognised at their carrying amount in the provisional purchase price allocation as at 31 December 2024. The carrying amount of the trade receivables amounts to EUR 893 million (CHF 840 million) and is composed of the gross amount of EUR 1,116 million (CHF 1,049 million) less allowances of EUR 223 million (CHF 210 million).

The goodwill comprises the synergies expected as part of the merger of the activities of Vodafone Italia and Fastweb, and intangible assets that do not qualify for separate recognition, such as employees.

Further adjustments to the fair value of the identifiable assets acquired and liabilities assumed are possible up to twelve months from the date of acquisition. For this reason, the resulting goodwill and its allocation to the cash-generating units is also provisional.

The acquisition of Vodafone Italia had no significant impact on Swisscom's consolidated income statement for the year ended 2024 due to the acquisition date (31 December 2024). Vodafone Italia's revenue for the year was estimated EUR 4.6 billion (CHF 4.3 billion). If the acquisition had taken place on 1 January 2024, Swisscom would have achieved an estimated revenue of CHF 15.3 billion. The fact that the transaction took place on the balance sheet date of 31 December 2024 means that Swisscom did not have all the information needed to determine the impact the acquisition would have had on Swisscom's net income if it had taken place on 1 January 2024.

Accounting policies

Consolidation

Subsidiaries are all companies in respect of which Swisscom Ltd has the effective ability to control the financial and business policies. Control is generally assumed where Swisscom Ltd directly or indirectly holds the majority of the voting rights or potential voting rights of the company. Companies acquired and sold are included in consolidation from the date on which they are acquired and deconsolidated from the date they are disposed of, respectively. Intragroup balances and transactions, income and expenses, shareholdings and dividends as well as unrealised gains and losses are fully eliminated. Non-controlling interests in subsidiaries are reported within equity in the consolidated balance sheet, but separately from equity attributable to the shareholders of Swisscom Ltd. The non-controlling interests in net income or loss are shown in the consolidated income statement as a component of the consolidated net income or loss. Changes in shareholdings of subsidiary companies are reported as transactions within equity insofar as control existed previously and continues to exist. Put options granted to owners of non-controlling interests are disclosed as financial liabilities. The balance sheet date for all consolidated subsidiaries is 31 December. There are no material restrictions on the transfer of funds from the subsidiaries to the parent company.

Shareholdings over which Swisscom exercises significant influence but does not have control are accounted for using the equity method. A significant influence is generally assumed to exist whenever between 20% and 50% of the voting rights are held.

Business combinations

Business combinations are accounted for using the acquisition method. Acquisition costs are recognised at fair value as at the date of the business combination. The purchase price includes the amount of cash paid and the fair value of the assets ceded, liabilities incurred or assumed, and own equity instruments ceded. Liabilities depending on future events based on contractual agreements are recognised at fair value. All identifiable assets and liabilities that satisfy the recognition criteria are recognised at their fair values at the time of acquisition. The difference between the cost of acquisition and the fair value of the identifiable assets and liabilities acquired or assumed is accounted for as goodwill, after taking into account any non-controlling interests.

5.4 Equity-accounted investees

In CHF million	2024	2023
Balance at 1 January	**27**	**26**
Additions	2	3
Dividends	(1)	(3)
Share of net results	(2)	–
Dilution gain	1	1
Balance at 31 December	**27**	**27**

Selected key performance indicators for equity-accounted investees

In CHF million	2024	2023
Income statement		
Revenue	229	212
Operating expense	(224)	(200)
Operating income	5	12
Net income	**1**	**10**
Other comprehensive income	**–**	**–**
Balance sheet at 31 December		
Current assets	148	146
Non-current assets	12	20
Current liabilities	(72)	(66)
Non-current liabilities	(29)	(26)
Equity	**59**	**74**

5.5 Group companies

Group companies in Switzerland

Registered name	Registered office	**31.12.2024 Capital and voting rights share in %**	31.12.2023 Capital and voting rights share in %	Share capital in million	Currency	Segment [4]
Switzerland						
adapt solutions Ltd [2]	Lindau	100	100	0.1	CHF	SCS
Ajila Ltd [2]	Sursee	90	60	0.1	CHF	OTH
Artificialy Ltd [2,3]	Lugano	18	18	1.1	CHF	OTH
Audio-Video G+M Ltd [1]	Saint-Gall	100	100	0.1	CHF	OTH
autoSense Ltd [2,3]	Zurich	33	33	0.3	CHF	OTH
Axept Business Software Ltd [1]	Saint-Gall	100	100	0.3	CHF	SCS
Axept Business Software Ltd (St. Gallen) [2]	Saint-Gall	–	100	0.3	CHF	SCS
Blue Entertainment Ltd [1]	Zurich	100	100	0.5	CHF	SCS
cablex Ltd [2]	Muri near Berne	100	100	5.0	CHF	OTH
camptocamp SA [1]	Bussigny	53	100	0.5	CHF	SCS
Credit Exchange Ltd [2,3]	Zurich	15	15	0.2	CHF	OTH
easypsim Ltd [1]	Zurich	–	100	0.1	CHF	OTH
ecmt Ltd [2,3]	Embrach	20	20	0.1	CHF	OTH
Entertainment Programm Ltd [2,3]	Volketswil	33	33	0.6	CHF	SCS
finnova ltd bankware [2,3]	Lenzburg	10	9	0.5	CHF	SCS
Global IP Action Ltd [2]	Freienbach	–	33	0.2	CHF	OTH
Innovative Government Ltd [1]	Freienbach	90	90	0.1	CHF	OTH
Innovative Web Ltd [1]	Freienbach	90	90	0.1	CHF	OTH
itnetX (Switzerland) Ltd [2]	Rümlang	100	100	0.1	CHF	SCS
JLS Digital Ltd [2]	Lucerne	100	100	1.3	CHF	SCS
MTF Solutions Ltd [1]	Ittigen	100	100	0.2	CHF	SCS
Parato Ltd [2]	Ittigen	51	–	0.1	CHF	SCS
Provis Ltd [2]	Lindau	100	100	0.4	CHF	SCS
SportPass (Switzerland) Ltd [2,3]	Zurich	–	25	0.1	CHF	OTH
Swisscom Broadcast Ltd [1]	Ittigen	100	100	25.0	CHF	OTH
Swisscom Digital Technology Ltd [1]	Lausanne	100	100	0.1	CHF	SCS
Swisscom Directories Ltd [1]	Zurich	100	100	2.2	CHF	OTH
Swisscom Real Estate Ltd [1]	Ittigen	100	100	100.0	CHF	SCS
Swisscom IT Services Finance Custom Solutions Ltd [2]	Olten	100	100	0.1	CHF	SCS
Swisscom RE Ltd [1]	Ittigen	100	100	10.0	CHF	SCS
Swisscom (Switzerland) Ltd [1]	Ittigen	100	100	1,000.0	CHF	SCS
Swisscom Services Ltd [2]	Ittigen	100	100	0.1	CHF	SCS
Swisscom Trust Services Ltd [2]	Zurich	100	100	1.0	CHF	OTH
Swisscom Ventures Ltd [2]	Ittigen	100	100	2.0	CHF	OTH
United Security Provider Ltd [2]	Bern	100	100	0.5	CHF	SCS
Worklink Ltd [1]	Bern	100	100	0.5	CHF	SCS

1 Participation directly held by Swisscom Ltd.
2 Participation indirectly held by Swisscom Ltd.
3 Investment is accounted for using the equity method. Through its representation on the Board of Directors of the company, Swisscom can exercise a significant influence.
4 SCS = Swisscom Switzerland, FWB = Fastweb, OTH = Other

Group companies in other countries

Registered name	Registered office	31.12.2024 Capital and voting rights share in %	31.12.2023 Capital and voting rights share in %	Share capital in million	Currency	Segment [4]
Germany						
cablex Germany GmbH [2]	Stuttgart	100	–	–	EUR	OTH
Camptocamp Germany GmbH [2]	Munich	53	–	–	EUR	SCS
Swisscom Telco LLC [2]	Leipzig	100	100	–	EUR	OTH
France						
Camtocamp France SAS [2]	Le Bourget du Lac	53	–	–	EUR	SCS
SoftAtHome Ltd [2,3]	Colombes	10	10	6.5	EUR	SCS
Italy						
7Layers S.r.l. [2]	Florence	100	70	0.2	EUR	FWB
Fastweb S.p.A. [2]	Milan	100	100	41.3	EUR	FWB
Fastweb Air S.r.l. [2]	Milan	–	100	–	EUR	FWB
Swisscom Italia S.r.l. [2]	Milan	100	100	505.8	EUR	OTH
VEI S.r.l. [2]	Ivrea	100	–	–	EUR	OTH
VND S.p.A. [2]	Corregio	100	–	0.1	EUR	OTH
Vodafone Gestioni S.p.A. [2]	Milan	100	–	0.6	EUR	OTH
Vodafone Italia S.p.A. [2]	Ivrea	100	–	2,305.1	EUR	OTH
Latvia						
Swisscom DevOps Latvia SIA [2]	Riga	100	100	–	EUR	SCS
Luxembourg						
DTF GP S.A.R.L [2]	Luxembourg	100	100	–	EUR	OTH
DTF GP II S.A.R.L. [2]	Luxembourg	100	100	–	EUR	OTH
Digital Transformation Fund Carried Partner SCSp [2]	Luxembourg	100	100	–	EUR	OTH
Digital Transformation Fund Initial Limited Partner SCSp [2]	Luxembourg	100	100	–	EUR	OTH
Netherlands						
NGT International B.V. [2]	Capelle a/d IJssel	100	100	–	EUR	SCS
Swisscom Finance B.V. [1]	Rotterdam	100	100	0.1	EUR	OTH
Austria						
Swisscom IT Services Finance SE [2]	Vienna	100	100	3.3	EUR	OTH
Spain						
Webtiser Spain Ltd [2]	Madrid	100	100	0.1	EUR	SCS
USA						
Swisscom Cloud Lab Ltd [2]	Delaware	100	100	–	USD	OTH

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4 SCS = Swisscom Switzerland, FWB = Fastweb, OTH = Other

6 Other disclosures

This chapter details information which is not already disclosed in the other parts of the report. For instance, it includes disclosures regarding income taxes and related parties.

6.1 Income taxes

Income tax expense

In CHF million	2024	2023
Current income tax expense	380	346
Adjustments recognised for current tax of prior periods	(8)	(14)
Deferred income tax expense	(52)	32
Total income tax expense recognised in income statement	**320**	**364**
Thereof Switzerland	310	346
Thereof other countries	10	18

In addition, other comprehensive income includes current and deferred income taxes, which may be analysed as follows:

In CHF million	2024	2023
Foreign currency translation adjustments of foreign subsidiaries	(3)	(9)
Actuarial gains and losses from defined benefit pension plans	(4)	(7)
Change in fair value of equity instruments	–	(1)
Change in cash flow hedges	(8)	–
Total income tax expense recognised in other comprehensive income	**(15)**	**(17)**

Analysis of income taxes

The applicable income tax rate used to prepare the following analysis of income tax expense is the weighted average income tax rate calculated on the basis of the Group's operating subsidiaries in Switzerland. The applicable income tax rate is 17.5% (prior year: 17.8%). The decline in the applicable income tax rate can be attributed to a reduction in the tax rates in various Swiss cantons.

In CHF million	2024	2023
Income before income taxes in Switzerland	1,862	2,040
Income before income taxes other countries	(1)	35
Income before income taxes	**1,861**	**2,075**
Applicable income tax rate	17.5%	17.8%
Income tax expense at the applicable income tax rate	**326**	**369**
Reconciliation to reported income tax expense		
Effect of changes in tax law in Switzerland	(15)	–
Effect of use of different income tax rates in Switzerland	15	8
Effect of use of different income tax rates in other countries	8	15
Effect of non-recognition of tax loss carry-forwards	1	1
Effect of subsequent recognition of tax loss carry-forwards	–	(2)
Effect of exclusively tax-deductible expenses and income	(12)	(15)
Effect of exclusively non-tax-deductible expenses and income	5	–
Effect of income tax of prior periods	(8)	(12)
Total income tax expense	**320**	**364**
Effective income tax rate	17.2%	17.5%

Current income tax assets and liabilities

In CHF million	2024	2023
Current income tax liabilities at 1 January, net	**202**	**192**
Recognised in income statement	372	332
Recognised in other comprehensive income	(4)	(9)
Business combinations	(69)[1]	–
Income taxes paid in Switzerland	(245)	(226)
Income taxes paid in other countries	(52)	(87)
Current income tax liabilities at 31 December, net	**204**	**202**
Thereof current income tax assets	(82)	(1)
Thereof current income tax liabilities	286	203
Thereof Switzerland	283	189
Thereof other countries	(79)	13

1 Incl. Vodafone Italia. See Note 5.3.

Deferred income tax assets and liabilities

			31.12.2024			31.12.2023
In CHF million	Assets	Liabilities	Net amount	Assets	Liabilities	Net amount
Property, plant and equipment	72	(644)	(572)	56	(620)	(564)
Intangible assets	1	(149)	(148)	1	(132)	(131)
Right-of-use assets	18	(87)	(69)	–	(98)	(98)
Lease liabilities	97	(20)	77	109	–	109
Provisions	130	(39)	91	106	(81)	25
Vodafone Italia	768	(791)	(23)	–	–	–
Other	145	(140)	5	50	(64)	(14)
Total tax assets (tax liabilities)	**1,231**	**(1,870)**	**(639)**	**322**	**(995)**	**(673)**
Thereof deferred tax assets			245			225
Thereof deferred tax liabilities			(884)			(898)
Thereof Switzerland			(697)			(738)
Thereof other countries			58			65

Tax loss carry-forwards for which no deferred tax assets were recognised expire as follows:

In CHF million	31.12.2024 [1]	31.12.2023
Expiring within 1 year	–	–
Expiring within 2 to 7 years	16	14
No expiration	–	–
Total unrecognised tax loss carry-forwards	**16**	**14**
Thereof Switzerland	16	14
Thereof other countries	–	–

1 Excl. Vodafone Italia.

Global minimum tax

Swisscom falls under the scope of application of the OECD minimum tax. The global minimum tax regulations provide for payment of an additional tax to account for the difference between the effective GloBE (Global Anti Base Erosion) tax rate per country and the minimum rate of 15%. In Switzerland and most other countries where Swisscom operates, the laws introducing a global minimum tax entered into force on 1 January 2024. Swisscom has made an assessment regarding the global minimum tax based on applicable tax laws, the effective tax rates per country and information on the Group companies. Based on the assessment, Swisscom meets the conditions for applying the transitional safe-harbour rules under the minimum tax rules in each country concerned. Swisscom therefore does not expect to pay any additional income tax in connection with the global minimum tax. Swisscom is keeping an eye on developments in the minimum tax regulations and is assessing their impact on Swisscom on an ongoing basis. Swisscom applies the exception to recognising and disclosing information about deferred income tax assets and liabilities in connection with income taxes related to minimum tax, as provided in the amendments to IAS 12 published in May 2023.

Other disclosures

No deferred tax liabilities were recognised on the undistributed earnings of subsidiaries as at 31 December 2024 (prior year: CHF 6 million). Temporary differences of subsidiaries and equity-accounted investees for which no deferred tax liabilities are recognised as at 31 December 2024 amounted to CHF 3,779 million (prior year: CHF 3,556 million).

Accounting policies

Income taxes encompass all current and deferred taxes which are based on income. Taxes which are not based on income, such as taxes on real estate and on capital, are recorded as other operating expenses. Deferred taxes are computed using the balance sheet liability method, whereby as a general rule deferred taxes are recognised on all temporary differences. Temporary differences arise from differences between the carrying amount of a balance sheet position in the consolidated financial statements and its value as reported for tax purposes, which will reverse in future periods. Deferred tax assets are only recognised as assets to the extent that it is probable that they can be offset against future taxable income. Income tax liabilities on distributions of undistributed profits of Group companies are only recognised if the distribution of profits is to be made in the foreseeable future. If it is probable that the tax authority will accept the chosen tax treatment, the tax amount in the consolidated financial statements is the same as that entered in the tax return submitted. However, if this is not probable, the amounts will be different. The uncertainty is taken into account in the measurement, which requires a best-possible estimate of the expected cash outflow. If there are few possible outcomes of the tax treatment, the most likely outcome is used to determine the tax liability. If there are a large number of possible tax consequences, an expected value is determined on the basis of a probability calculation. Current and deferred tax assets and liabilities are offset whenever they relate to the same taxing authority and taxable entity.

6.2 Related parties

Majority shareholder and equity-accounted investees

Majority shareholder

Pursuant to the Swiss Federal Telecommunications Enterprises Act (TEA), the Swiss Confederation ('the Confederation') is obligated to hold a majority of the share capital and voting rights of Swisscom. On 31 December 2024, the Confederation, as majority shareholder, continued to hold 51% of the issued shares. Any reduction of the Confederation's holding below a majority shareholding would require a change in law, which would need to be voted upon by the Swiss Parliament and would also be subject to the right of optional referendum by Swiss voters. As the majority shareholder, the Confederation has the power to control the decisions of the annual general meetings of shareholders which are taken by the absolute majority of validly cast votes. This relates primarily to resolutions concerning dividend distributions and the election of the members of the Board of Directors. Swisscom supplies telecommunications services to, and also procures services from, the Confederation. The Confederation comprises the various ministries and administrative bodies of the Confederation and the other companies controlled by the Confederation (primarily Swiss Post, Swiss Federal Railways, RUAG and Skyguide). All transactions are conducted on the basis of normal customer/supplier relationships and on conditions applicable to unrelated third parties. In addition, financing transactions are entered into with Swiss Post under market conditions.

Equity-accounted investees

Services provided to/by equity-accounted investees are based upon market prices. Such participations are listed in Note 5.4.

Transactions and balances

In CHF million	Income	Expense	Receivables	Liabilities
2024 financial year				
Confederation	225	63	38	329
Equity-accounted investees	1	51	6	2
Total 2024 / balance at 31 December 2024	**226**	**114**	**44**	**331**

In CHF million	Income	Expense	Receivables	Liabilities
2023 financial year				
Confederation	198	64	41	328
Equity-accounted investees	2	43	7	2
Total 2023 / balance at 31 December 2023	**200**	**107**	**48**	**330**

Occupational pension schemes and compensation payable to individuals in key positions

Transactions between Swisscom and the various pension funds are detailed in Note 4.3. Compensation paid to individuals in key positions is disclosed in Note 4.2.

6.3 Sale of shares in FiberCop

In June 2024, Fastweb signed a contract for the sale of its 4.5% stake in FiberCop to Optics Bidco S.A., a subsidiary of Kohlberg Kravis Roberts & Co. L.P. (KKR). KKR is thus acquiring all FiberCop shares held by Fastweb for an amount of EUR 439 million (CHF 423 million). The transaction was completed in July 2024. In Swisscom's consolidated financial statements, FiberCop was recognised at fair value through other comprehensive income and reported under other financial assets. The difference of EUR 189 million (CHF 181 million) between the purchase price and the previous carrying amount was recognised as income in other comprehensive income in the second quarter of 2024.

6.4 Other accounting policies

Foreign currency translation

Foreign currency transactions which are not denominated in the functional currency are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Monetary items as at the balance sheet date are translated into the functional currency at the exchange rate prevailing on the balance sheet date, while non-monetary items are translated using the exchange rate on the date of the transaction. Translation differences are recognised in the income statement. Translation differences are recognised in the income statement. Assets and liabilities of subsidiaries and equity-accounted investees reporting in a different functional currency are translated at the exchange rates prevailing on the balance sheet date, whereas the income statement and the cash flow statement are translated at the average exchange rate. Translation differences arising from the translation of net assets and income statements are recorded in other comprehensive income.

Significant foreign currency translation rates

		Closing rate in CHF		Average rate in CHF	
Currency	**31.12.2024**	31.12.2023	31.12.2022	**2024**	2023
1 EUR	0.941	0.926	0.985	0.951	0.973
1 USD	0.906	0.838	0.923	0.879	0.900

Amendments to IFRS Accounting Standards and Interpretations whose application is not yet mandatory

The following IFRS Accounting Standards and Interpretations published up to the end of 2024 are mandatory from the 2025 financial year onwards.

Standard	Name	Effective from
Amendments to IFRS 9	Adjustments to the classification and measurement of financial instruments	1 January 2026
Amendments to IFRS 7 and 9	Contracts relating to nature-based electricity	1 January 2026
IFRS 18	Presentation and disclosure of the financial statements	2 January 2027
Amendments to IAS 21	Lack of exchangeability	1 January 2025

IFRS 18 'Presentation and Disclosure in Financial Statements' will replace IAS 1 'Presentation of Financial Statements' and is to be applied retrospectively. Swisscom expects to apply the new standard from the 2027 financial year and is currently reviewing the impact in particular with regard to the structure of the consolidated financial statements and the additional disclosure requirements for management-defined performance measures (MPMs). In addition, Swisscom is reviewing the impact on the way in which information is grouped in the consolidated financial statements.

The other new or amended standards are not expected to have any material impact on Swisscom's consolidated financial statements.

Report of the statutory auditor

to the General Meeting of Swisscom Ltd, Ittigen

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Swisscom Ltd and its subsidiaries (the Group), which comprise the consolidated statement of comprehensive income for the year ended 31 December 2024, the consolidated balance sheet as at 31 December 2024, the consolidated statement of cash flows and the the consolidated statement of changes in equity for the year then ended as well as notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements (pages 142 to 205) give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor’s responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

PricewaterhouseCoopers AG, Birchstrasse 160, 8050 Zürich
Telefon: +41 58 792 44 00, www.pwc.ch

Our audit approach

Overview

Overall group materiality: CHF 90 Mio.

We conducted full scope audit work at three Group companies in two countries. These Group companies represent over 90% of the Group's revenue. In addition, a specific audit scope was defined for another Group company in Switzerland. In addition, specific audit procedures were carried out at another reporting unit (consisting of three Group companies in Italy).

As key audit matters the following areas of focus have been identified:

- Recoverability of Fastweb goodwill
- Revenue recognition – IT Services with Business Customers
- Recoverability of technical installations and intangible assets
- Assessment of litigation arising from regulatory and competition lawproceedings
- Assessment of the provisional purchase price allocation for Vodafone Italia

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall group materiality	CHF 90 Mio.
Benchmark applied	Profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark.

We agreed with the Audit & ESG Reporting Committee that we would report to them misstatements with impacts on the income statement above CHF 4,5 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of three operating segments (Swisscom Switzerland, Fastweb and other Operating Segments) and operates mainly in Switzerland and Italy. Swisscom (Schweiz) Ltd generates most of the revenue. Another company that we identified as significant is Fastweb S.p.A. (Fastweb). In addition, due to the acquisition of Vodafone Italia as of 31 December 2024, the provisional acquisition balance sheet of a reporting unit (consisting of Vodafone Italia SpA, Vodafone Gestioni SpA and VEI SRL) is defined as material. The audits of Swisscom (Schweiz) Ltd and Swisscom Ltd were performed by the Group audit team. The audit procedures for Fastweb and Vodafone Italia were performed by the PwC component auditor in Italy, to whom we provided instructions and with whom we are in regular contact to discuss the treatment of transactions that are material to the consolidated financial statements as well as questions regarding valuation and disclosure. In addition, we participate in important discussions with Fastweb and Vodafone Italia's management. The audit of these companies addresses a major part of the consolidated financial statements. Finally, we identified an additional subsidiary with significant balance sheet and income statement items, which is audited by the Group audit team. Group-wide topics, such as purchase price allocations, treasury, taxes, pension obligations, investments including goodwill and the implementation of new accounting requirements are addressed by the Group audit team.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of Fastweb goodwill

Key audit matter	How our audit addressed the key audit matter
The impairment testing of goodwill relating to Fastweb was deemed a key audit matter for the following reasons: • As at 31 December 2024, the goodwill relating to the Fastweb operating segment amounted to CHF 471 million (2023: CHF 464 million), which is a significant amount. • In performing the annual impairment test of the Fastweb goodwill, management has considerable scope for judgement regarding the expected future cash flows, the discount rate (WACC) used and the forecasted growth. Please refer to note 3.4 'Goodwill' (page 181) in the notes to the consolidated financial statements.	During our audit, we assessed the design of the controls implemented to assess the recoverability of the Fastweb goodwill. We assessed with regard to the impairment test whether a correct valuation method was used, the calculation was coherent and the assumptions made were appropriate. In doing so, we challenged the input data and assumptions relating to the underlying cash flows of the impairment test. In addition, we compared the results of the current year with the forecasts made in the previous year in order to assess the appropriateness of the previous year's assumptions. With regard to the discount rate used, we analyzed together with our own valuation specialists how it was derived and compared it with our own calculation. We examined whether the information on impairment testing in the notes to the consolidated financial statements was disclosed correctly and whether the sensitivity analyses presented indicate appropriately the risks of impairment. We consider the valuation method and the assumptions used by management to test for the impairment of the Fastweb goodwill to be appropriate.

Revenue recognition – IT Services with Business Customers

Key audit matter	How our audit addressed the key audit matter
For the 2024 financial year, Swisscom reports revenue of CHF 11,036 million (2023: CHF 11,072 million). Of this amount, CHF 1,191 million (2023: CHF 1,154 million) is generated by the IT Services with Business Customers. The IT Services with Business Customers comprises integrated communications solutions (e.g. IT outsourcing) for large enterprises in Switzerland. We consider revenue recognition in the IT Services with Business Customers to be a key audit matter for the following reasons: • The specific projects within the IT Services are based on complex individual contracts that may include multiple performance obligations. The accounting treatment of these contracts requires management to estimate the expected transaction price and the timing of revenue recognition of the individual performance obligations. • The projects typically last between three and seven years. To ensure a loss-free valuation of ongoing projects, management has significant scope for judgement in its assessment of the future costs of each project. Please refer to note 1.1 'Segment information' (page 151) in the notes to the consolidated financial statements.	During our audit, we assessed the design and effectiveness of the controls implemented to ensure the correct recognition of revenue in the IT Services with Business Customers and evaluated whether management's estimates are reasonable. We performed analytical audit procedures. On the basis of internal and external reports, we defined our expectations and critically assessed deviations from them. For a sample of contracts entered into in the 2024 financial year, we assessed the accounting treatment applied by Swisscom. In doing so, we assessed whether management's estimate of the expected transaction price and ofthe timing of revenue recognition relating to individual performance obligations is appropriate. To address the significant scope for judgement when assessing future costs to ensure a loss-free valuation, we performed the following audit procedures: • We gained an understanding of the process implemented by management to assess future developments in the IT Services and critically assessed that process. • We discussed with Swisscom their expectations regarding the future development of individual projects and critically assessed those expectations on the basis of current developments. • Using a sample of projects, we compared Swisscom's forecasts from the previous year with actual developments in the current financial year and analysed any variances. Finally, on the basis of a sample, we assessed whether the revenue in the IT Services with Business Customers was recorded correctly. To do so, we checked cash receipts for individual revenue transactions and obtained external balance confirmations from Swisscom customers. We consider management's estimates relating to the recognition of revenue in the IT Services with Business Customers to be appropriate.

Recoverability of technical installations and intangible assets

Key audit matter	How our audit addressed the key audit matter
We consider the recoverability of technical facilities and intangible assets of Swisscom Switzerland to be a key audit matter for the following reasons: • Swisscom recognises as of 31 December 2024 a total amount of technical installations with a net book value of CHF 10,661 million (2023: CHF 8,556 million) and intangible as-sets with a netbook value of CHF 6,124 million (2023: CHF 1,737 million). Both represent significant amounts. • Management has significant scope for judgement when assessing and determining the useful life of technologies that are in use. Please refer to note 3.2 'Property, plant and equipment' (page 178) and note 3.3 'Intangible assets' (page 180) in the notes to the consolidated financial statements	We assessed the design and effectiveness of the controls implemented to ensure the correct impairment testing of technical installations and intangible assets. We also discussed with management the estimates of the future useful lives of existing technologies and critically assessed these on the basis of current developments at Swisscom and other telecommunications companies. We consider management's assessment of the expected period over which Swisscom derives economic benefits from the use of existing technologies to be appropriate.

Assessment of litigation arising from regulatory and competition law proceedings

Key audit matter	How our audit addressed the key audit matter
Swisscom recorded as at 31 December 2024 provisions amounting to CHF 1,540 million (2023: CHF 1,263 million). Of this amount, CHF 152 million (2023: CHF 200 million) relates to provisions for litigation arising from regulatory and competition law proceedings. Swisscom provides regulated access services to other telecommunications service providers in accordance with the Telecommunications Act. The prices charged by Swisscom are subject to reviews by the Federal Communications Commission (ComCom). If the Commission issues a ruling against Swisscom, the prices charged must be reduced with retroactive effect. Swisscom is also a party to proceedings conducted by the Federal Competition Commission (COMCO). In the event of a final verdict establishing market abuse by Swisscom, COMCO may impose sanctions. A final verdict establishing market abuse issued by COMCO could lead to civil claims against Swisscom. We consider the assessment of the financial implications of litigation arising from regulatory and competition law proceedings to be a key audit matter because management has significant scope for judgement in estimating the probability, the timing and the amount of a potential cash outflow due to litigation. Please refer to note 3.5 'Provisions and contingent liabilities' (page 183) in the notes to the consolidated financial statements.	To address the significant scope for judgement in estimating the probability, the timing and the amount of a potential cash outflow due to litigation, we performed together with an internal legal expert the following audit procedures: • We discussed pending litigation with management and Swisscom's internal legal counsel. • We obtained written statements from Swisscom's external and internal legal counsel. • We gained an understanding of the process and controls implemented by management to identify, assessand recognise pending litigation, and critically assessed it. To assess the amount of the provisions established, we considered whether the underlying data were adequately factored into the calculation of the provisions. Finally, we assessed the recognition and disclosure in the consolidated financial statements of litigation arising from regulatory and competition law proceedings. We consider management's approach to the treatment in the consolidated financial statements of litigation arising from regulatory and competition law proceedings to be appropriate.

Assessment of the provisional purchase price allocation for Vodafone Italia

Key audit matter	How our audit addressed the key audit matter
Swisscom acquired Vodafone Italia as of 31 December 2024. Since all the information necessary to determine the fair value of the acquired assets and liabilities was not yet available at the time of preparing Swisscom's consolidated financial statements, Swisscom prepared a provisional purchase price allocation for the acquisition. This resulted in provisional values for assets, liabilities and goodwill. Please refer to Note 5.3 'Acquisition of Vodafone Italia' (page 195) in the notes to the consolidated financial statements. We consider the provisional purchase price allocation of the Vodafone Italia acquisition to be a particularly key audit matter for the following reasons: • The acquired assets and liabilities of Vodafone Italia recognized as of 31 December 2024 represent significant amounts. • In preparing the provisional purchase price allocation, management applies judgement regarding the choice of valuation methods, input data and assumptions.	Our audit procedures included assessing the appropriateness of the accounting policies applied by management and compliance with the applicable accounting standards for business combinations. For the assets and liabilities already recognised at the carrying amount by Vodafone Italia, we assessed that they were correctly included in the provisional purchase price allocation. For the newly recognised assets as part of the acquisition, we carried out the following audit procedures with the involvement of our valuation specialists: • We assessed whether a methodically appropriate valuation procedure was used to determine the fair values and whether the calculations are comprehensible. • In particular, we critically reviewed the respective input data and key assumptions, in particular the discount rate used, analysed their derivation and compared them with our own calculations. Finally, we reviewed the disclosure in the consolidated financial statements for the provisional purchase price allocation for the acquisition of Vodafone Italia. We consider management's approach to presenting Vodafone Italia's provisional purchase price allocation in the consolidated financial statements to be reasonable.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements, that give a true and fair view in accordance with IFRS Accounting Standards and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISA and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISA and SA-CH, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them regarding all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the consolidated financial statements.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Petra Schwick	Arsim Arslani
Licensed audit expert Auditor in charge	Licensed audit expert

Zürich, 12 February 2025

Further Information

Further Information

Financial statements of Swisscom Ltd

General disclosures

This is a condensed version of the financial statements of Swisscom Ltd. The full version and the report of the statutory auditor can be viewed on the Swisscom website.

See www.swisscom.ch/jahresrechnung2024

Swisscom Ltd is a holding company under Swiss law. As at 31 December 2024, the Swiss Confederation, as majority shareholder, continued to hold 51.0% of the issued shares of Swisscom Ltd as in the prior year. The Telecommunications Enterprise Act (TEA) stipulates that the Swiss Confederation shall hold the majority of the share capital and voting rights of Swisscom Ltd.

The financial statements of Swisscom Ltd have been prepared in accordance with statutory requirements and the Articles of Incorporation. Distributable reserves are not determined on the basis of the equity as reported in the consolidated financial statements, but rather on the basis of equity as reported in the separate financial statements of Swisscom Ltd. Equity totalled CHF 8,903 million in the 2024 annual financial statements of Swisscom Ltd. Under Swiss company law, share capital and that part of the general reserves representing 20% of the share capital may not be distributed. On 31 December 2024, Swisscom Ltd held distributable reserves of CHF 8,841 million. The dividend is proposed by the Board of Directors and must be approved by Swisscom Ltd's Annual General Meeting of Shareholders on 26 March 2025. Treasury shares are not entitled to a dividend.

Income statement

In CHF million	**2024**	2023
Other income	–	1
Total operating income	**–**	**1**
Personnel expense	(13)	(10)
Other operating expense	(5)	(6)
Total operating expenses	**(18)**	**(16)**
Operating income	**(18)**	**(15)**
Financial expense	(152)	(107)
Financial income	159	132
Income from participations	3,021	263
Income before taxes	**3,010**	**273**
Income tax expense	(7)	(2)
Annual profit	**3,003**	**271**

Balance sheet

In CHF million	31.12.2024	31.12.2023
Assets		
Cash and cash equivalents	1,386	81
Financial assets	11,382	5,497
Participations	8,431	8,416
Accrued dividends receivable from subsidiaries	2,950	–
Other assets	94	39
Total assets	**24,243**	**14,033**
Liabilities and equity		
Interest-bearing liabilities	15,068	6,820
Other liabilities	272	174
Total liabilities	**15,340**	**6,994**
Share capital	52	52
Legal capital reserves/capital surplus reserves	21	21
Profit carried forward	5,827	6,695
Annual profit	3,003	271
Total equity	**8,903**	**7,039**
Total liabilities and equity	**24,243**	**14,033**

Further disclosures

Information on the participation rights held by the members of the Board of Directors and the Group Executive Board is disclosed in the Remuneration Report (sections 2.5 and 3.5).

As at 31 December 2024, guarantee obligations existed for Group companies in favour of third parties totalling CHF 235 million (prior year: CHF 250 million). In addition, financial assets totalling CHF 140 million (prior year: CHF 134 million) were not freely available. These assets serve to secure commitments arising from bank loans.

Proposed appropriation of retained earnings

The Board of Directors proposes to the Annual General Meeting of Shareholders to be held on 26 March 2025 that the available retained earnings of CHF 8,829 million for the financial year ending on 31 December 2024 be appropriated as follows:

In CHF million	31.12.2024
Appropriation of retained earnings	
Retained earnings from previous year	**6,966**
Ordinary dividend	(1,140)
Balance carried forward from prior year	**5,826**
Annual profit	3,003
Retained earnings available to the Annual General Meeting	**8,829**
Ordinary dividend of CHF 22.00 per share	(1,140)
Balance to be carried forward	**7,689**

If the proposal is approved, a dividend of CHF 22 per share will be paid to shareholders on 1 April 2025.

Glossary

3G: 3G is the third generation of mobile technology with a transfer rate of up to 42 Mbit/s. Swisscom intends to decommission 3G by the end of 2025 and use the freed-up resources for more modern and efficient technologies.

4G: 4G is the fourth generation of mobile technology. It enables theoretical broadband data speeds of up to 700 Mbit/s via the mobile network. To do so, it bundles 4G frequencies to achieve the required capacity.

5G: 5G (and 5G+) is the latest generation of mobile technology. Compared to 3G and 4G, it provides even more capacity, very short response times, and higher bandwidths. 5G technology plays a major role in supporting the digitalisation of the Swiss economy and industry. Swisscom differentiates between 5G-fast (narrower coverage up to 2 Gbit/s and more) and 5G-wide (Switzerland-wide 5G coverage with up to 1 Gbit/s). 5G-fast is also known as 5G+. Both variants are more efficient than their predecessor technologies with respect to energy consumption and use of electromagnetic fields.

asut: Swiss Telecommunications Association (asut). asut represents the telecoms industry. The association is committed to ensuring optimal general conditions for users and providers of services and products.

OFCOM (Federal Office of Communications): OFCOM deals with issues related to telecommunications and broadcasting (radio and television) and performs official and regulatory tasks in these areas. It also prepares the decisions of the Swiss Federal Council, the Federal Department of the Environment, Transport, Energy and Communications (DETEC) and the Federal Communications Commission (ComCom).

Bandwidth: Bandwidth refers to the transmission capacity of a medium, also known as the data transmission rate. The higher the bandwidth, the more information units (bits) can be transmitted per unit of time (second). It is defined in bit/s, kbit/s, Mbit/s or Gbit/s.

CDP: The CDP (formerly Carbon Disclosure Project) is a non-profit organisation whose goal is for companies, communities and countries to disclose and publish their environmental data, such as climate-damaging greenhouse gas emissions. Swisscom joined the CDP's Supply Chain Programme in 2013 to create more transparency about the greenhouse gas emissions of its suppliers.

Cloud: Cloud computing makes it possible for IT infrastructures such as computing capacity, data storage, ready-to-use software and platforms to be accessed dynamically via the internet as needed. The data centres, along with the resources and databases, are distributed via the cloud. The term 'cloud' refers to such hardware which is not precisely locatable.

ComCom (Federal Communications Commission): ComCom is the decision-making authority for telecommunications. Its primary responsibilities include issuing concessions for use of the radio frequency spectrum as well as basic service licences. It also provides access (unbundling, interconnection, leased lines, etc.), approves national numbering plans and regulates the conditions governing number portability and freedom of choice of service provider.

Container as a Service (CaaS): Container as a Service is a cloud-based service with usage-based payment. It offers companies a way to manage their virtualised applications, clusters and containers, thereby simplifying and speeding up deployments.

Containerisation: Containerisation is the packaging of software code into packages. These packages contain all the necessary components such as libraries, frameworks and other dependencies, and are isolated in their own container.

CSR: Corporate social responsibility refers to corporate responsibility for people, society and the environment.

Delivery as a Service (DaaS): Delivery as a Service is a service-orientated logistics business model that gives companies access to on-demand deliveries without having to hire and manage their own fleet.

EcoVadis: The EcoVadis online platform supports the enforcement of environmental and social standards in global supply chains through uniform sustainability rankings of suppliers. As part of its risk management system, Swisscom bases its purchasing activities on the declarations made with EcoVadis by its suppliers.

ESG: ESG refers to the consideration of environmental, social and governance issues.

Footprint: The term 'footprint', also called carbon footprint or CO_2 footprint, is the result of an emission calculation. It indicates the amount of greenhouse gas emissions released by an activity or a product. In the case of products, for example, the carbon footprint includes the total emissions caused by production, use and disposal.

FTTH (Fibre to the Home): FTTH refers to the end-to-end connection of homes and businesses using fibre-optic cables instead of traditional copper cables.

FTTS (Fibre to the Street)/FTTB (Fibre to the Building)/ FTTC (Fibre to the Curb): FTTS, FTTB and FTTC refer to hybrid broadband connection technologies (optical fibre and copper). With these technologies, optical fibre is brought as near as possible to buildings and in the case of FTTB right to the building's basement; the existing copper cables are used for the remaining stretch.

FTTx: FTTx refers to 'Fibre to the x'. The placeholder 'x' denotes the expansion depth, i.e. the end point of the fibre-optic connection.

FWA (Fixed Wireless Access): FWA is a broadband technology based on 5G. With FWA, data is received via the mobile network, which means that no fixed-line connections are required. The user only needs a receiving device, a mobile router and a WLAN access point.

Optical fibre: Optical fibre cables (or fibre-optic cables) are a transport medium for optical data transmission – in contrast to copper cables, which transmit data through electrical signals.

Hyperscaler: A hyperscaler provides IT resources based on cloud computing. Cloud computing resources can be scaled largely horizontally, often with thousands of servers and storage systems interconnected via high-performance networks. Currently, the most significant hyperscalers include Amazon Web Services (AWS), Microsoft Azure, Google Cloud Platform (GCP) and IBM.

ICT (information and communication technology): The terms 'information technology' and 'communication technology' were first combined in the 1980s to denote the convergence of information technology (information and data processing and the related hardware) and communication technology (technically aided communications).

Infrastructure as a Service (IaaS): Infrastructure as a Service enables quick on-demand provision of centrally managed cloud, computing, data storage and network resources in a virtualised environment.

Interconnection: Interconnection means linking up the systems and services of two TSPs so as to enable the logical interaction of the connected telecommunications components and services and to provide access to third-party services. Interconnection allows the customer of one provider to communicate with the subscribers of another provider. Under the terms of the Federal Telecommunications Act, market-dominant telecommunications service providers are required to allow their competitors interconnection at cost-based prices.

IoT (Internet of Things): The IoT connects things, devices and machines to enable recording of status and environmental data. This data provides the basis for optimising processes, such as early identification of failing machine components. IoT facilitates new business models based on this data or opens up new opportunities for interacting with customers.

IPv6: The successor to IPv4, IPv6 is the sixth generation of the Internet Protocol. An IPv6 address is a unique, logical address assigned to a host within the network.

JAC: Joint Alliance for CSR. The elimination of any vulnerabilities identified is reviewed on a regular basis to ensure compliance with the environmental and social standards we expect. Within the framework of JAC, an international alliance of telecoms companies plans and conducts CSR audits of suppliers. Swisscom has been a member of JAC since 2012.

Connectivity: Connectivity is the generic term used in IP services to denote the connection to the internet and the ability to exchange data with any partner on the network.

Convergence (bonding technology): In the telecoms sector, the term convergence usually denotes an interplay of mobile and fixed-network technologies or products that include both mobile and fixed-network services.

Circular economy: The circular economy is characterised by the fact that raw materials are used efficiently and for as long as possible. If we succeed in closing material and product cycles, raw materials can be used again and again.

LAN (local area network): A LAN is a local network for interconnecting computers, usually based on Ethernet.

MPLS (Multiprotocol Label Switching): MPLS is a technology that optimises the speed and efficiency of data forwarding within large networks and/or at the network edge.

MVNO (mobile virtual network operator): MVNO denotes a business model for mobile communications. In this case, the corresponding provider (the MVNO) has either a limited network infrastructure or no network infrastructure at all. It therefore uses the infrastructure of other mobile communications providers.

myclimate: The myclimate foundation supports Swisscom with the environmental assessment of its smartphone range, comparisons of sustainable ICT solutions and reviews of climate balances.

Net promoter score (NPS): The NPS is a key figure that indirectly indicates customer satisfaction and directly indicates the willingness of customers to make a recommendation to others. It therefore serves as an analytical tool to determine customer satisfaction.

Net zero: Net zero means that all greenhouse gas emissions caused by humans must be removed from the atmosphere again through reduction measures and thus the climate balance is net, or zero.

NIRO: The Swiss Ordinance on Protection against Non-Ionising Radiation (NIRO) defines the maximum permissible electrical, magnetic and electromagnetic radiation from fixed installations in the frequency range from 0 Hz to 300 GHz. A two-stage protection concept was applied. At all accessible places, the exposure limit value, which corresponds to the recommendations of the WHO, must be observed. In order to take account of the precautionary principle required by the Environmental Protection Act, values which are ten times stricter were set as a precautionary measure for places which are heavily used where people stay for long periods of time, based on technical feasibility and economic viability.

OTT (Over the Top): OTT refers to content distributed by service providers over an existing network infrastructure that they do not themselves operate. OTT companies offer proprietary services on the basis of the infrastructures of other companies in order to reach a broad range of users quickly and cost-efficiently.

Platform as a Service (PaaS): Platform as a Service refers to cloud-based solutions for the development of applications. It allows developers to work on apps and other software solutions without having to provide their own hardware or infrastructure.

Roaming: Roaming is when a mobile user makes calls, uses other mobile services or participates in data traffic outside their home network, i.e. usually abroad. This requires that the mobile device in question is compatible with the roaming network.

Router: Routers are devices for connecting or separating several computer networks. They analyse incoming data packets according to their destination address and either block them or forward them accordingly (routing). Routers come in different types, ranging from large machines in a network to the small devices used by residential customers.

SBTi and SBT: The goal of the Science Based Target initiative (SBTi) is to encourage companies to increase their efforts to combat climate change by setting science-based targets. These targets focus on the quantity of emissions that must be reduced to meet the goals of the Paris Agreement – to limit global warming to 1.5°C.

Scope 1: Direct GHG emissions resulting from own activities (e.g. from the combustion of fossil fuels for heating and mobility or from refrigerants).

Scope 2: Indirect GHG emissions resulting from purchased energy.

Scope 3: All other GHG emissions resulting from upstream and downstream activities (e.g. in the supply chain).

Secure Access Service Edge (SASE): Secure Access Service Edge is a technology that combines software-defined network functions with network security.

Software-defined Wide Area Network (SD-WAN): Software-defined wide area networking is an automated, programmatic approach to managing enterprise network connectivity and circuit costs. It extends software-defined networking (SDN) into an application that enables companies to quickly set up an intelligent hybrid WAN.

Radiation: Radiation is a form of energy that propagates as electromagnetic waves. A distinction is made between ionising and non-ionising radiation. Ionising radiation can change the building blocks of matter such as molecules or atoms, non-ionising radiation has too little energy for this. Therefore, non-ionising radiation cannot change atoms or molecules. Mobile networks use non-ionising radiation.

Streaming: Streaming is the transmission of audio and video signals over a network or the internet without the data having to be stored on a local device.

Ultra-fast broadband: Ultra-fast broadband denotes broadband speeds of more than 50 Mbit/s – on both the fixed-line and mobile networks.

FTEs: Throughout this report, FTEs is used to denote the number of full-time equivalent positions.

Competition Commission (COMCO): The Competition Commission (COMCO) applies the Federal Act on Cartels and other Restraints of Competition (CartA). The aim of the CartA is to protect against the harmful economic or social impact of cartels and other constraints on competition and by so doing foster competition. COMCO combats harmful cartels and monitors market-dominant companies for signs of anti-competitive conduct. It is responsible for overseeing mergers. It is also responsible for examining mergers and issuing statements on official decrees that affect competition.

Zero Trust Network Access (ZTNA): Zero Trust Network Access is a product or service that creates an identity- and context-based, logical access boundary around an application or set of applications.

Five-year review

In CHF million, except where indicated		2020	2021	2022	2023	**2024**
Revenue and results						
Revenue		11,100	11,183	11,051	11,072	11,036
Operating income before depreciation and amortisation (EBITDA)		4,382	4,478	4,406	4,622	4,355
EBITDA as % of revenue	%	39.5	40.0	39.9	41.7	39.5
EBITDA after lease expense (EBITDAaL)		4,082	4,177	4,120	4,334	4,064
Operating income (EBIT)		1,947	2,066	2,040	2,205	1,951
Net income		1,528	1,833	1,603	1,711	1,541
Earnings per share	CHF	29.54	35.37	30.93	33.03	29.77
Balance sheet and cash flows						
Equity		9,491	10,813	11,171	11,622	12,155
Equity ratio	%	39.1	43.6	45.4	47.0	32.7
Capital expenditure		2,229	2,286	2,309	2,292	2,312
Operating free cash flow		1,853	1,891	1,811	2,042	1,752
Free cash flow		1,706	1,513	1,349	1,480	1,437
Net debt		8,206	7,706	7,374	7,071	15,597
Employees						
Full-time equivalent employees	number	19,062	18,905	19,157	19,729	19,887
Average number of full-time equivalent employees	number	19,095	19,099	19,046	19,461	19,918
Operational data						
Fixed telephony access lines in Switzerland	in thousand	1,523	1,424	1,322	1,226	1,137
Broadband access lines retail in Switzerland	in thousand	2,043	2,037	2,027	2,006	1,967
TV access lines in Switzerland	in thousand	1,588	1,592	1,571	1,537	1,493
Mobile access lines in Switzerland	in thousand	6,224	6,177	6,173	6,277	6,331
Access lines wholesale Switzerland	in thousand	611	698	679	692	731
Broadband access lines retail in Italy	in thousand	2,747	2,750	2,683	2,601	2,544
Broadband access lines wholesale in Italy	in thousand	158	306	458	648	905
Mobile access lines in Italy	in thousand	1,961	2,472	3,087	3,509	3,930
Swisscom share						
Number of issued shares	in million of shares	51.802	51.802	51.802	51.802	51.802
Market capitalisation		24,715	26,657	26,243	26,212	26,134
Closing price at end of period	CHF	477.10	514.60	506.60	506.00	504.50
Closing price highest	CHF	577.80	562.40	590.40	619.40	571.00
Closing price lowest	CHF	446.70	456.30	443.40	501.20	486.80
Dividend per share	CHF	22.00	22.00	22.00	22.00	22.00 [1]
Ratio payout/earnings per share	%	74.48	62.20	71.13	66.61	73.90
Information Switzerland						
Revenue		8,614	8,579	8,566	8,516	8,363
Operating income before depreciation and amortisation (EBITDA)		3,522	3,569	3,534	3,842	3,679
Capital expenditure		1,596	1,634	1,688	1,685	1,712
Full-time equivalent employees	number	16,048	15,882	15,750	16,050	15,905

1 In accordance with the proposal of the Board of Directors to the Annual General Meeting.

Forward-looking statements

This Annual Report contains forward-looking statements. In this Annual Report, such forward-looking statements include, without limitation, statements relating to our financial condition, results of operations and business and certain of our strategic plans and objectives.

Because these forward-looking statements are subject to risks and uncertainties, actual future results may differ materially from those expressed in or implied by the statements. Many of these risks and uncertainties relate to factors which are beyond Swisscom's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of governmental regulators and other risk factors detailed in Swisscom's, Fastweb's and Vodafone Italia's (Fastweb + Vodafone) past and future filings and reports, including those filed with the U.S. Securities and Exchange Commission and in past and future filings, press releases, reports and other information posted on Swisscom Group companies' websites.

Readers are cautioned not to put undue reliance on forward-looking statements, which relate only to the date of this communication.

Swisscom disclaims any intention or obligation to update and revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Publishing details

Key dates

- **13 February 2025**
  2024 Annual Results and Annual Report
- **26 March 2025**
  Annual General Meeting
- **28 March 2025**
  Ex dividend date
- **1 April 2025**
  Dividend payment date
- **8 May 2025**
  2025 First-Quarter Results
- **7 August 2025**
  2025 Second-Quarter Results
- **6 November 2025**
  2025 Third-Quarter Results
- **12 February 2026**
  2025 Annual Results and Annual Report

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General information
Swisscom Ltd
Headquarters
3050 Bern / Switzerland

Telephone: + 41 58 221 99 11

Financial information
Swisscom Ltd
Investor Relations
3050 Bern / Switzerland

Telephone: + 41 58 221 99 11
E-mail: investor.relations@swisscom.com
Website: www.swisscom.ch/investor

Social and environmental information
Swisscom Ltd
Group Communications & Responsibility
3050 Bern / Switzerland

E-mail: corporate.responsibility@swisscom.com
Website: www.swisscom.ch/responsibility

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