

### Annual Report publications

The Annual Report, Sustainability Report and Swisscom at a glance are part of Swisscom's Annual Report 2016. The three publications are available online at: [swisscom.ch/report2016](http://swisscom.ch/report2016)

### The "best companion in the networked world" concept

Digitisation is changing our lives, our behaviour and our needs. Regardless of how vastly our customers' needs differ, we still want to address each of those needs individually. Because nothing feels better than knowing you have a reliable partner at your side.

The images on the cover of the 2016 reports symbolise the collaboration between our customers and Swisscom.

From left to right:

**Annual Report:** Impact Hub in Zurich, customer Ava AG with Lea von Bidder

**Sustainability Report:** Jucker Farm in Seegräben, with customer Martin Jucker

**Swisscom at a glance:** Swisscom Shop in Zurich, with customer Therese G.

We would like to thank our customers and employees who took the time to have these pictures taken.

## Corporate Responsibility

Fulfilling the expectations of our stakeholder groups in a responsible manner.

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# Introduction

  
See  
[www.swisscom.ch/  
climate-report2016](http://www.swisscom.ch/climate-report2016)

The Sustainability Report follows the Global Reporting Initiative (GRI) guidelines (Comprehensive option) and forms part of Swisscom's reporting. It addresses sustainability as a Swisscom Corporate Responsibility and contains information on the topics that are relevant for Swisscom and its stakeholder groups. Swisscom also publishes a complete climate report in accordance with ISO 14064. Both reports are independently verified.

## Stakeholders' letter

Dear Readers

People and the relationships that bring them together are at the heart of what Swisscom does. Be it as customers or colleagues, in business or in private, as a team or as individuals; but ultimately as a part of society – the relationship between Swisscom and Swiss society is a reciprocal bond. If the people of Switzerland feel good, Swisscom feels good. This is precisely why Swisscom considers sustainability as a long-term investment in the future of Switzerland as a whole.

How can we achieve what we have set out to do? By thinking ahead when defining our goals and acting boldly. In doing so, we want to support one million people in fulfilling their desire for an increasingly mobile working environment. This enables significant CO<sub>2</sub> savings and takes the pressure off public traffic infrastructure. We also want to educate one million people on how to use media safely and responsibly, helping them avoid negative consequences before they arise. In an increasingly interconnected and digitised world, Swisscom always offers its customers the best – regardless of their location. In doing so, Swisscom wants people and businesses in Switzerland to be able to fully exploit the opportunities provided by the networked world.

That is exactly how we embrace sustainability: we do not compensate, we reduce and we avoid. Swisscom has grown over the past years, acquiring more customers, generating more revenue and hiring more employees. In one area, though, we have recorded a decline – one we are proud of: we have achieved a slight reduction in emissions, and we have done so with only a slight increase in energy consumption. We have come to learn that everything is interconnected, and that building a stable relationship requires effort – every day.

Swisscom assumes responsibility for our environment, our society and our economy. On the basis of numerous discussions with customers, employees, investors, NGOs, politicians, experts, authorities and the Swiss Confederation in 2016, we have developed a sustainability strategy that complements our corporate strategy. This strategy encompasses our commitment to the environment, society and the economy, and defines six goals that we intend to achieve by 2020 in the areas of energy efficiency and climate protection, work and life, improving media skills, attractive employer, fair supply chain and connecting Switzerland. For example, we intend to use our ICT services to save twice as much CO<sub>2</sub> as we emit in the course of operations and along the entire supply chain. In addition to the environment and the economic objective of further connecting the whole of Switzerland, our main focus is on people. Under the “work and life” goal, we aim to provide support to a million customers in the areas of mobile working as well as living a healthy lifestyle. As the leading provider in the area of data security, we want to provide a million customers with support in using media in a safe and responsible manner and thus help to develop Switzerland’s media skills. Our services are designed to make a long-term contribution to creating a prosperous Switzerland and to treating people and the environment with a great deal of respect. “Sustainability” is one of the core values of our mission statement. By this, we mean thinking holistically and in a networked manner, securing long-term business success, assuming responsibility and using resources sensibly. We identify strongly with the Swiss community, as people and their relationships are at the heart of everything we do.

Kind regards



A handwritten signature in black ink, appearing to read 'Stefan Nünlist'.

Stefan Nünlist  
Head of Group  
Communications & Responsibility



A handwritten signature in black ink, appearing to read 'Res Witschi'.

Res Witschi  
Head of Corporate Responsibility

## Sustainable environment

Swisscom attaches a great deal of importance to sustainability. Our main aim is to use resources efficiently, to think ahead and make provisions for future changes, and to ensure that our communication is based on dialogue and credibility. As a national infrastructure provider and a company committed to Switzerland, Swisscom holds a special position. Coupled with the expectations of the various stakeholder groups – especially customers, employees and the federal government as principal shareholder and as legislator – this position places high demands on the company as regards sustainability. Sustainable management and long-term responsibility are among the core values to which Swisscom is committed. They are reflected in the corporate business strategy and mission statement, and are presented in more detail in the Corporate Responsibility (CR) strategy. During the year under review, the UN published a sustainability agenda comprising 17 Sustainable Development Goals (SDGs), with 169 individual targets between them. The goals and targets are geared in equal measure towards government entities, society and companies. As part of an analysis, Swisscom examined which of its sustainability measures measure up to the goals of the UN agenda and which should be intensified. As the analysis shows, Swisscom's sustainability measures completely meet the goals in four areas (goals 1, 4, 7 and 9), partially meet the goals in five other areas (goals 3, 8, 11, 12 and 16) and could be intensified or expanded in six of the areas mentioned (goals 5, 6, 10, 13, 15 and 17). The remaining two goals (goals 2 and 14) are not relevant to Swisscom. The analysis of the SDGs therefore revealed that Swisscom's sustainability strategy covers the relevant topics and only needs to be intensified in a few isolated areas. For example, targeted communication could play an even greater role in inspiring employees and customers to pursue a sustainable lifestyle.

# SUSTAINABLE DEVELOPMENT GOALS



## Value chain and main aspects of Corporate Responsibility

Swisscom generates the bulk of its added value in Switzerland. In 2016, activities abroad accounted for 7% (prior year: 6%) of the Group's added value from operations. Swisscom's business is described in detail in the Management Commentary.

Both positive and negative effects on the environment, economy and society are created along the value and supply chains:

- > The provision of consumer and investment items and their transport to Switzerland have ecological effects on the consumption of energy and resources as well as on CO<sub>2</sub> emissions.
- > The provision of infrastructure and telecommunication services plays a role in ensuring that Switzerland remains competitive.
- > Using Swisscom services offers advantages to customers, but also entails certain technical and social challenges.
- > Creating and maintaining jobs in Switzerland and within the supply chains involves a social and economic aspect.

Swisscom assesses the effects on the environment, economy and society mentioned above according to their importance. It also involves stakeholder groups in the assessment, enabling strategic priorities to be defined precisely.

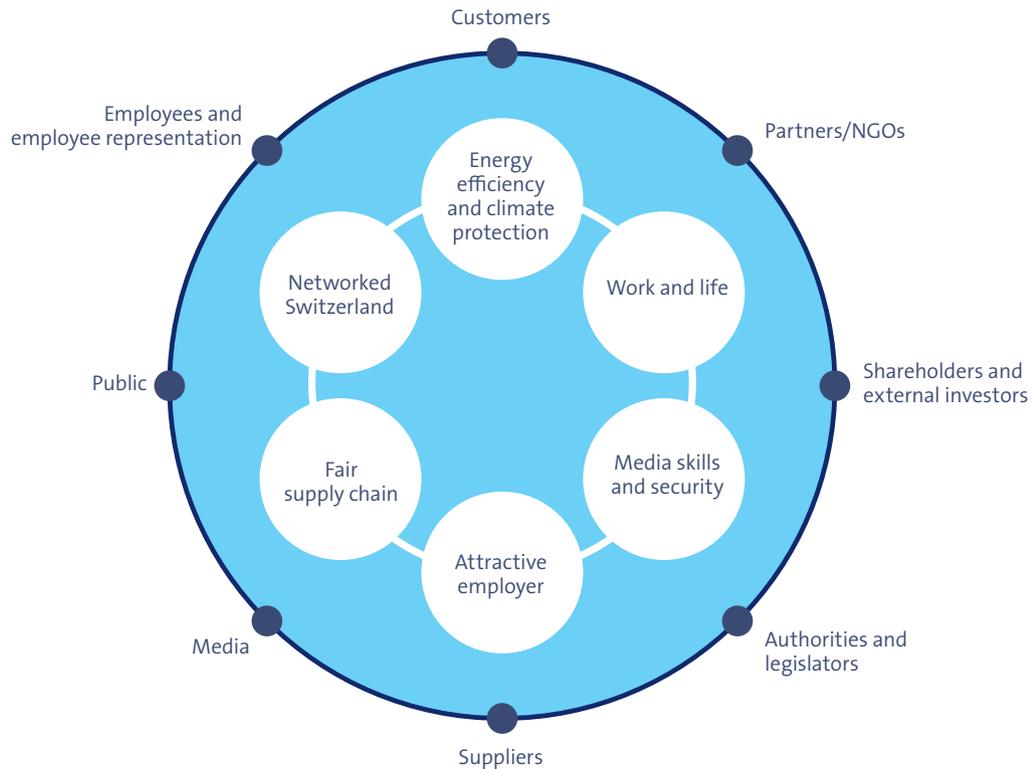
The added value statement and the distribution of added value are addressed in the Management Commentary of the Annual Report, in the "Financial review" section on page 66 ff.

## Stakeholder involvement

Swisscom fosters dialogue with its most important stakeholder groups through various channels: via electronic media, over the phone, through surveys, information events, business meetings and conferences, as well as in customers' homes and in Swisscom Shops. In 2016 – as in previous years – Swisscom took note of the concerns of the various stakeholder groups, prioritising them and among other things incorporating them into its CR strategy. Stakeholders' expectations change over time. This had an influence on the further development of the CR strategy in 2016, which will remain in effect until 2020, but did not significantly impact its main thrust. Stakeholder management at Swisscom is decentralised in order to ensure proximity and ongoing contact with individual stakeholder groups. As part of the further development of the CR strategy and on behalf of the Group Executive Board, Swisscom continued the CR Executive Dialogue in 2016, which sees the members of the Group Executive Board discuss all six strategic Corporate Responsibility targets with the managers responsible for stakeholder groups. Among other activities, this included engaging in dialogue with WWF Switzerland over the promotion of a sustainable lifestyle in the year under review. With regard to social sustainability, an intensive exchange also took place at management level with Zewo-certified NGOs concerning the launch of crowdfunding platform letshelp.ch. Swisscom supports these NGOs in their fundraising efforts in its role as a technology partner.

## Dialogue with stakeholder groups and strategic priorities

Dialogue takes place with stakeholder groups depending on how close the relationship is and on the individual stakeholder group's interests. However, the size of the respective stakeholder group is the decisive factor in the kind of dialogue that is possible.



### Customers

Swisscom systematically consults residential customers on their needs and their level of satisfaction. In this way, customer relationship managers are able to determine their customers' needs by contacting them directly. Swisscom also conducts regular representative surveys on customer satisfaction. One reason for this is to determine the extent to which customers perceive Swisscom as an environmentally responsible, socially aware company.

Quarterly surveys are conducted among business customers, which include questions on sustainability. Swisscom also maintains regular contact with consumer organisations in all language regions of Switzerland and runs blogs as well as online discussion platforms. The overall findings show that customers expect a good service, attractive pricing, market transparency, responsible marketing, comprehensive network coverage, network stability, low-radiation communication technologies and sustainable products and services.

### Shareholders and external investors

Besides the Annual General Meeting, Swisscom regularly fosters dialogue with shareholders at analysts' presentations, road shows and in regular teleconferences. Over the years, it has also built up contacts with numerous external investors and rating agencies. Shareholders and external investors expect above all growth, profitability and predictability from Swisscom.

### Authorities

Swisscom maintains close contact with various public authorities at numerous levels. A key issue in its dealings with this stakeholder group concerns the expansion of the network infrastructure. Mobile data applications are becoming increasingly popular with customers. But while mobile communications are clearly appreciated and widely used, the expansion of the infrastructure required to provide these services does not always meet with the same level of support.

Network expansion gives rise to tension because of the different interests at stake. Swisscom has been engaged in dialogue with municipal authorities and residents on network planning for many years, which in the case of construction projects gives the parties affected an opportunity to suggest suitable alternative locations. Swisscom also liaises regularly with public authorities in other areas and on other occasions: for example, it invites ICT heads of the cantonal education authorities to an annual two-day seminar on the subject of “Internet for Schools”. As a stakeholder group, public authorities expect Swisscom to act decisively in the way it recognises its responsibility towards the public at large and towards young people in particular.

### Legislators

Swisscom is required to deal with political and regulatory issues, maintaining a regular dialogue with authorities, parties and associations. Wherever Swisscom makes a constructive contribution to the legislative process, it always aims for full compliance in the application of the law.

### Suppliers

Swisscom’s procurement organisations regularly deal with suppliers and manage supplier relationships, analysing the results of evaluations, formulating target agreements and reviewing performance. Once a year, they invite their main suppliers to a Key Supplier Day. The focus of the event is on risk mitigation and responsibility in the supply chain. In the interests of maintaining dialogue with global suppliers, Swisscom also relies on international cooperation within the relevant sectors.

### Media

Swisscom maintains close contact with the media, seven days a week. Its relationship with the media is based on professional journalistic principles. In addition to the Media Office, representatives of management maintain a regular dialogue with journalists and make themselves available for interviews and more in-depth background discussions.

### Employees and employee representation

Using a wide range of communication platforms and activities, Swisscom promotes a corporate culture that encourages dialogue and cross-collaboration between employees. In 2016, Swisscom developed a new employee survey that is better suited to the organisation’s requirements. The new survey will be conducted three times a year and allows every employee and team and the entire organisation to respond to feedback and make improvements.

Helping to shape Swisscom’s future is one of the most important tasks of the Employee Representation Committee. This committee comprises 53 members (one representative for every 400 employees), as well as one representative in every company affiliated to the Swisscom CEA, i.e. 8 representatives. Twice a year, Swisscom organises a round-table meeting with the employee representatives. Employee concerns mainly relate to social partnership, training and development, diversity, and health and safety at work. Swisscom engages in dialogue with teams from all organisational units on sustainability issues, under the motto “Hello Future”. Through this dialogue, Swisscom keeps its employees up to date on its work in the area of sustainability and encourages them to implement sustainability measures in their daily work and life.

### Partners and NGOs

Swisscom believes in the importance of sharing insights and information with partners within the framework of projects; for example, with WWF, myclimate, the Swiss Child Protection Foundation, Brot für alle, Fastenopfer and organisations that address the specific needs of affected groups. Active partnerships and Swisscom’s social and ecological commitment are especially relevant for the partners and NGO stakeholder group. The Swisscom website provides an overview of the individual stakeholder groups.

 See  
[www.swisscom.ch/  
cr-partnerships](http://www.swisscom.ch/cr-partnerships)

### Public

We maintain contact with the public directly via the Swisscom website, through surveys of the public, at trade fairs and as part of events such as the ENERGY CHALLENGE 2016, which was held in the year under review. The ENERGY CHALLENGE 2016 is a campaign launched by the Swiss Federal Office of Energy in which Swisscom took part as the main partner.

## Material issues

### Criteria of materiality

In order to assess the materiality of each sustainability issue, Swisscom has defined and applied the following qualitative criteria for the report in the year under review:

- > Importance of topics addressed by Swisscom's mission statement
- > Significance and relevance of topics for stakeholder groups
- > Effects on the company's financial position, results of operations and reputation

### First classification of sustainability topics in the materiality matrix

The sustainability topics can be classified in a matrix based on their relevance to Swisscom's business strategy and the concerns of stakeholder groups. They are examined and dealt with internally according to level of importance and scope by those bodies that act as contact partners for the respective stakeholders. The issues are also discussed by other bodies such as division management or the Group Executive Board. If necessary, these bodies initiate the appropriate measures. The matrix topics and their classification were validated by representative shareholder groups in a survey conducted in October 2013. In the survey, government authorities, partners and NGOs such as WWF and myclimate commented on ecological aspects, while the Swiss Association for Audiovisual Learning (SSAB) and the Federal Social Insurance Office (FSIO), which are jointly responsible for the National Programme for the Promotion of Media Skills, commented on social aspects. The survey concluded that Swisscom should increase its efforts in promoting products and services aimed at reducing customers' CO<sub>2</sub> emissions. Customers, after all, could make a substantial contribution towards combating climate change. These findings are also confirmed by the most recent study of the International Global e-Sustainability Initiative (GeSI smarter 2020) as well as Swisscom's evaluation. The reduction of customers' CO<sub>2</sub> emissions thus ranks as very relevant in the matrix.

Issues highlighted by the FSIO and SSAB surveys, such as the shortage of specialist staff and generation management, have also been incorporated in Swisscom's materiality matrix under diversity and personnel training and development. There is consensus as regards the rating accorded to the other issues.

Based on the findings, Swisscom has developed a CR strategy that will apply until 2020. In connection with this, the collaboration of different divisions within Swisscom resulted in two business activities being identified as material: healthcare and corresponding health-related offers, and offers for flexible working models and the promotion of a mobile working culture.

In a symbolic move towards increased stakeholder involvement, Swisscom reviewed its strategic "2:1 target" in collaboration with its long-term partner organisations WWF and myclimate. As part of the "2:1 target", Swisscom aims to work together with its customers to save twice as much CO<sub>2</sub> as it emits throughout the entire company including the supply chain by 2020. Specifically, dialogue with WWF and myclimate helped set both the target amount and find a plausible calculation method. Swisscom incorporated many suggestions throughout the process which helped improve the calculation method and communication of the climate protection target. Swisscom placed specific review requests with both partner organisations in order to rectify any shortcomings. Thanks to the transparent approach – Swisscom disclosed all assumptions and calculations to partners – the "2:1 target" was successfully defined in more precise terms. This does not, however, bring Swisscom's dialogue with its partners to an end. Swisscom wants to continue to consult myclimate and WWF for its annual interim reports in order to obtain a neutral opinion. The issues are arranged alphabetically within the boxes of the materiality matrix.

## New classification levels

In 2016, Swisscom conducted surveys of eleven key stakeholders in total, which it selected according to the relevant topics and under consideration of the sustainability strategy. The stakeholders surveyed were active in the core Swiss market and their interests had not yet been systematically recorded. The surveys enabled Swisscom to gain valuable insights. The majority of the stakeholders surveyed, for instance, confirmed that Swisscom had made good progress with its sustainability strategy, as well as offering further suggestions.

Taken as a whole, the survey feedback demonstrates that the constant growth of digitisation brings with it both risks and opportunities for the environment and society. Among others, the following questions arise in particular: How should society respond to the removal of boundaries between work and leisure and the resulting health consequences for employees? What specific measures can be taken to enhance the positive environmental and social impact of digitisation? What support can be offered to Swisscom employees, as well as Swisscom customers and their staff, to keep pace with digitisation?

Given their direct relationship to its core business, Swisscom considers these and other questions to be strategically relevant and plans to address and examine the questions raised, particularly the impacts of digitisation on the world of work, in three working groups in 2017.

The survey results have also been forwarded to division management and the Group Executive Board, and are commented on to some extent in the 2016 Annual Report where relevant.

## Swisscom materiality matrix 2016

Materiality for stakeholders	very relevant	<ul style="list-style-type: none"> <li>Basic service provision<sup>1</sup></li> <li>Health and safety in the workplace<sup>2</sup></li> <li>Low-radiation communications technologies<sup>3</sup></li> <li>Media protection for minors<sup>4</sup></li> <li>Memberships/partnerships<sup>5</sup></li> <li>Training of future staff/recruitment<sup>6</sup></li> </ul>	<ul style="list-style-type: none"> <li>Attractive employer<sup>7</sup></li> <li>Business development (turnover and EBITDA)<sup>8</sup></li> <li>Capital expenditures<sup>9</sup></li> <li>CO<sub>2</sub> emissions and -savings, energy efficiency<sup>10</sup></li> <li>Corporate governance<sup>11</sup>/ compliance<sup>12</sup>/ legal and regulatory environment<sup>13</sup></li> <li>Customer satisfaction<sup>14</sup></li> <li>Data protection<sup>15</sup></li> <li>Fair supply chain<sup>16</sup></li> <li>Impact of digitalization</li> <li>Share performance and payout policy<sup>17</sup></li> <li>Work Smart offers<sup>18</sup></li> </ul>
	relevant	<ul style="list-style-type: none"> <li>Corporate Volunteering<sup>19</sup></li> <li>Diversity<sup>20</sup></li> <li>Environmental aspects in the company<sup>21</sup></li> <li>Social and cultural commitments<sup>22</sup></li> </ul>	<ul style="list-style-type: none"> <li>Innovation and development<sup>23</sup></li> <li>Offers in the healthcare sector<sup>24</sup></li> <li>Promoting media skills<sup>25</sup></li> <li>Staff development<sup>26</sup></li> </ul>
		relevant	very relevant
		Materiality for Swisscom	

■ Management commentary : <sup>8</sup> p. 64, <sup>9</sup> p. 81, <sup>13</sup> p. 36, <sup>14</sup> p. 55, <sup>17</sup> p. 34

■ Governance : <sup>11</sup> p. 100

■ Corporate responsibility Report : <sup>1</sup> page 65, <sup>2</sup> page 49, <sup>3</sup> page 40, <sup>4</sup> page 43, <sup>5</sup> www.swisscom.ch/cr-partnerships, <sup>6</sup> page 53, <sup>7</sup> page 47, <sup>10</sup> page 23, <sup>12</sup> page 20, <sup>15</sup> page 42, <sup>16</sup> page 58, <sup>18</sup> page 37, <sup>19</sup> page 48, <sup>20</sup> page 51, <sup>21</sup> page 32, <sup>22</sup> page 67, <sup>23</sup> page 70, <sup>24</sup> page 39, <sup>25</sup> page 43, <sup>26</sup> page 52

## Mission statement

### Our vision

The best in today's networked world – everywhere and anytime.

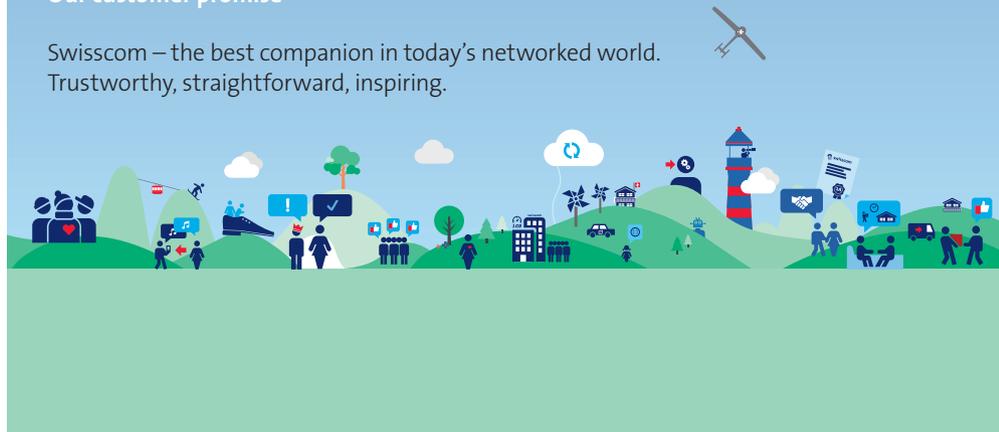
### Our values

People and their relationships are at the heart of everything we do. We succeed by working together.

- |                               |                  |
|-------------------------------|------------------|
| We are close to our customers | > Customer focus |
| We help shape the future      | > Sustainability |
| We achieve great things       | > Passion        |
| We are open to new ideas      | > Curiosity      |
| We keep to our promises       | > Reliability    |

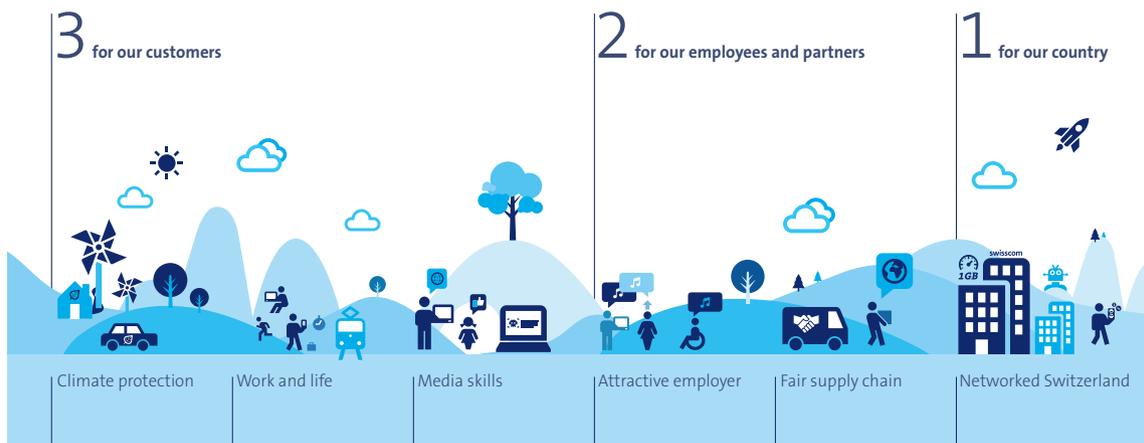
### Our customer promise

Swisscom – the best companion in today's networked world. Trustworthy, straightforward, inspiring.



See  
[www.swisscom.ch/  
 guidingprinciples](http://www.swisscom.ch/guidingprinciples)

## Strategic goals



# Corporate-Responsibility-strategy

Swisscom takes responsibility seriously – now and in the future. To this end, it relies on the Corporate-Responsibility-strategy (CR strategy) with its six strategic priorities. Swisscom pushed ahead in 2016 with aligning its CR and corporate business strategies.

## Strategic priorities and objectives

Swisscom's Corporate Responsibility activities focus on issues that have high relevance for stakeholder groups and at the same time are closely linked to the company's core business. Swisscom's vision is of a modern, forward-looking Switzerland: a country of great opportunities, including in the field of sustainability. Specifically, Swisscom focuses on six areas as strategic priorities, for each of which it has set a long-term target for 2020. The first three strategic priorities involve measures aimed at supporting Swisscom's customers in living a more sustainable life. Two of these priorities are geared towards its employees and partners. The final priority describes an economic target for Switzerland as a whole.

The CR strategy is described in detail in this Sustainability Report. Swisscom's corporate strategy is laid out in the section "Strategy, organisation and environment", pages 26–34, of the Management Commentary of the Annual Report.



### Energy efficiency and climate protection

#### **Together with its customers, Swisscom campaigns for climate protection in Switzerland.**

Together with its customers, Swisscom is aiming to save twice as much CO<sub>2</sub> as it emits through its operations including the supply chain by 2020. This goal has been summarised as the "2:1 target" and, in a first step, focuses on reducing customers' CO<sub>2</sub> emissions. Green ICT enables companies to massively reduce energy consumption and CO<sub>2</sub> emissions. Video conferencing and home office solutions generate savings in travel time and costs, while cloud-based ICT solutions enable corporate customers to run up to 90% more efficient IT buildings, vehicles and networks (compared with operating a proprietary server). Swisscom also provides residential customers with numerous ways to reduce their carbon footprint, from online billing to the recycling service for mobile phones.

In addition, the "2:1 target" also comprises Swisscom's commitment to reducing its own CO<sub>2</sub> emissions from operations and the supply chain. Swisscom is one of the ten biggest purchasers of energy in Switzerland and is continuously improving its energy efficiency. It meets 100% of its electricity requirements from renewable domestic energy sources and is one of the biggest purchasers of wind and solar power in Switzerland.

Swisscom also requires its suppliers to reduce their carbon footprint.

Examples from Swisscom's list of targets:

Together with its customers, Swisscom is aiming to save twice as much CO<sub>2</sub> as it emits through its operations including the supply chain by 2020.

By 2020, Swisscom plans to increase energy efficiency by another 35% compared to 1 January 2016.



### Work and life

#### **Swisscom is committed to promoting a Switzerland that offers room for living.**

By 2020, Swisscom aims to be supporting one million customers with its offerings in the healthcare sector, such as the Swisscom health platform and corresponding fitness sensors, electronic patient dossiers and offerings from its subsidiary Datasport. Swisscom also wants to offer one million customers by 2020 the opportunity to use mobile working models. To this end, Swisscom has included Work Smart services in its portfolio and supports mobile working methods through activities such as the Home Office Day.

Examples from Swisscom's list of targets:

By 2020, Swisscom wants to be supporting one million people in using mobile working models and leading a health-conscious lifestyle.



### Media skills and security

#### **Swisscom is committed to promoting a Switzerland in which browsing the Internet is not dangerous.**

Swisscom aims to be the market leader in data security by 2020, helping one million people to use media safely and responsibly. Swisscom has provided free Internet access to schools and introduced first-time users to the digital world through media training courses. In doing so, Swisscom aims to protect young people in the use of online media by means of technical solutions and offerings that promote media skills.

Example from Swisscom's list of targets:

Swisscom aims to be helping one million people to use media safely and responsibly by 2020.



### Attractive employer

#### **Swisscom is committed to promoting a working environment in which all employees are able to excel themselves.**

Swisscom wants to be one of the most attractive employers in Switzerland by 2020. It offers employees opportunities for personal development and promotes work-life balance. Fair terms and conditions of employment are as important to Swisscom as an active social partnership and an above-average commitment to vocational training. Swisscom is extremely proud of its trainees, who number in excess of 940. Employees also have the chance to get involved in social and community projects, for example, by participating in the Corporate-Volunteering-Programme.

Example from Swisscom's list of targets:

Swisscom aims to achieve a leading position within the ICT sector (2nd place in Universum's rankings by 2020).



### Fair supply chain

#### **Swisscom is committed to promoting a Switzerland that fosters fairness throughout the world.**

In the interests of a fair supply chain, Swisscom is committed to improving employment conditions for more than two million people by 2020. To this end, Swisscom has forged international partnerships that will ensure the implementation of relevant measures in close collaboration with suppliers. The company also ensures that working conditions at its suppliers are reviewed for improvements every year as part of the audit process.

Example from Swisscom's list of targets:

Swisscom wants to increase the number of audits conducted at its suppliers in order to allow around two million employees to benefit from better working conditions.



### Networked Switzerland

#### **Swisscom is committed to promoting a Switzerland that is competitive.**

By 2020, Swisscom want to extend ultra-fast broadband coverage to 85% of all homes and offices and bring mobile ultra-fast broadband to 99% of the population. As a result, Swisscom is indirectly contributing around CHF 30 billion to the country's GDP and helping to create and maintain some 100,000 jobs in Switzerland.

Example from Swisscom's list of targets:

Swisscom wants to guarantee ultra-fast fixed and mobile broadband coverage throughout Switzerland.

# CR targets

## The most important indicators for the achievement of Swisscom's CR targets

Priority of the CR Strategy	Targets in the year under review Future targets	Status/Measures The target is considered to have been achieved if it comes within a tolerance of 5%, or not achieved or exceeded if it is outside the tolerance
<b>Image target / cross-portfolio activities</b>		
<b>Main target:</b> <b>Swisscom's sustainability image</b> GfK = Gesellschaft für Konsumforschung ("Institute for Market Research") GfK is one of the world's largest market-research companies KPI: Rank in the GfK sustainability index	2016: Top 15 2020: Top 10	<b>2016 target achieved (rank 15)</b> <b>2017 measures:</b> > Establishment of the sustainability label «Together we can increase sustainability» on further products and touchpoints > Partner Future Challenge, Further Marketing Fairphone and PR Action on Media Competency, Touchpoint training
<b>Expansion of portfolio of sustainable services (G4-EN27)</b> Services with added ecological or social value KPI: Number of services with a sustainability label	2016: Increase in number of services 38 2017: Increase in number of services 40	<b>2016 target achieved (42)</b> It was decided in 2015 that sustainability would be a feature of the Swisscom product portfolio, in addition to ecological aspects and social added value (media skills, work-life balance). These products are given a label. <b>2017 measures:</b> > Evaluation or redesign of suitable services
<b>Mobile telephone return (G4-EN28)</b> Re-use/recycling of mobile phones that are no longer used KPI: Return rate (percentage of sold mobile phones returned for recycling)	2016: 12% 2017: 12%	<b>2016 target not achieved (7.9%)</b> <b>2017 measures:</b> > Increase in return rate over 2016 in the "Mobile Aid" and "Mobile Bonus" programs for private customers and "Mobile Bonus Business" for business customers
<b>Reduction in paper consumption (G4-EN27)</b> KPI: Percentage of residential customers using online billing	2016: 30% 2017: 37%	<b>2016 target achieved (31.5%)</b> <b>2017 measures:</b> > Further promotion of online billing > Direct mailing for suitable customer segments
<b>Training for employees at touch points (shop/call center/sales) (GRI-EN26)</b> Training in Corporate Responsibility (CR) and communication relating to environment and social accountability KPI: Training sessions	2016: Touch point training 2017: Touch point training	<b>2016 target achieved</b> Touch point training on the protection of minors in the media carried out <b>2017 measures:</b> > Touch point training on the sustainability benefits offered by Swisscom products
<b>Anti-corruption (GRI-SO2)</b> KPI: Conduct training courses on anti-corruption	2016: Training courses on anti-corruption 2017: Training courses on anti-corruption	<b>2016 target achieved</b> <b>2017 measures:</b> > Training on anti-corruption per e-learning for all members of the management
<b>Energy efficiency and climate protection</b>		
<b>Main target:</b> <b>(G4-EN18) Increase in the ratio between customers' CO<sub>2</sub> savings and Swisscom's own CO<sub>2</sub> emissions ("2:1 target")</b> KPI: Ratio of the CO <sub>2</sub> savings achieved by customers to the sustainable portfolio and Swisscom's own CO <sub>2</sub> emissions (excluding Fastweb)	Guidance 2017: 1.4 2020: 2	<b>2013 baseline value: 0.72</b> <b>2016 value: 0.99</b> Emissions and savings are recorded in accordance with the ISO 14064 standard, verified externally and disclosed in detail in a climate report <b>2017 measures:</b> > Further reduce own emissions from operations, including supply chains > Promotion of existing sustainable services > Expansion of the portfolio of sustainable services
<b>Energy efficiency (G4-EN5)</b> Continual increase in energy efficiency KPI: Increase in energy efficiency EF in % $EF = (TEC + \sum AES) / TEC$ > TEC = Total energy consumption > AES = Accumulated energy savings Source: FOEN Directive	2016: + 3.2% Further target: +35% from 1.1.2017 to 31.12.2020	<b>2016 target exceeded (+8.9%)</b> <b>2017 measures:</b> Implementation of other cost-cutting and efficiency measures (target = 23 GWh) including: > Dismantlement of analog network and technology improvements > Increase efficiency in data centers > Virtualization of servers
<b>Optimisation of CO<sub>2</sub> emissions of vehicle fleet (G4-EN30)</b> Focus on direct emissions from fossil fuels (Scope 1) KPI: Average CO <sub>2</sub> emissions per car in g CO <sub>2</sub> /km according to manufacturer data	2016: 107 g CO <sub>2</sub> /km 2017: 106 g CO <sub>2</sub> /km	<b>2016 target achieved (109 g CO<sub>2</sub>/km)</b> <b>2017 measures:</b> > Further implementation of the procurement roadmap
<b>CO<sub>2</sub> emissions (G4-EN15-17)</b> CO <sub>2</sub> emissions in operations and in the supply chain (excluding Fastweb, energy offset) KPI: CO <sub>2</sub> emissions in tonnes	Guidance 2017: 364,000 2020: 341,000	<b>2013 baseline value: 396,000 tonnes of CO<sub>2</sub></b> <b>2016 value: 451,000 tonnes of CO<sub>2</sub></b> <b>2017 measures:</b> > Implementation of further efficiency measures > Improvements jointly implemented with suppliers
<b>CO<sub>2</sub> savings by customers thanks to sustainable ICT services</b> Sum total of savings achieved by customers through the use of sustainable Swisscom products KPI: CO <sub>2</sub> savings in tonnes	Guidance 2017: 512,000 2020: 700,000	<b>2013 baseline value: 286,000 tonnes of CO<sub>2</sub></b> <b>2016 value: 448,000 tonnes of CO<sub>2</sub></b> <b>2017 measures:</b> > Promotion of existing sustainable services such as in the range of Work Smart and tiko/ Swisscom Energy Solutions > Expansion of portfolio of sustainable services particular in the range of IoT and Smart City

Priority of the CR Strategy	Targets in the year under review Future targets	Status/Measures The target is considered to have been achieved if it comes within a tolerance of 5%, or not achieved or exceeded if it is outside the tolerance
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## Work and life

<b>Main target:</b> <b>Utilisation of mobile working models</b> Number of people able to work on the move in Switzerland (according to a survey) multiplied by the average share of the fixed network and mobile broadband market (AR 16 S. 41-42) KPI: Number of customers	<b>Guidance 2017: 893,000</b> <b>2020: 1 million</b>	<b>2014 baseline value: 750,000 customers</b> <b>2016 value: 984,000 customers</b> <b>2017 measures:</b> > Active participation in the Work Smart Initiative
<b>Main target:</b> <b>Utilisation of health offerings</b> The offerings include the health connect platform, the health dossier Evita, the CuraPrax software and the health portal healthi KPI: Number of customers	<b>2020: 1 million</b>	<b>2014 baseline value: 874,000 customers</b> <b>2016 value: 1,117,066 customers</b> <b>2017 measures:</b> > Extension of the customer base to medical practitioners, hospitals and to healthi > Implementation of the networking projects achieved in 2016

## Media skills and security

<b>Main target:</b> <b>Promoting media skills</b> Measurement by reference to the number of courses, Media Smart visitors, visitors media smart platform, reader publications and child protection offerings KPI: Number of customers (cumulative)	<b>Guidance 2017: 809,000</b> <b>2020: 1 million</b>	<b>2013 baseline value: 253,000 customers</b> <b>2016 value: 745,000 customers</b> <b>2017 measures:</b> > Further development of the course programme > New issue of enter (16th issue)
<b>Participation in media skills courses (G4-SO1)</b> Media skills courses for parents, teachers, pupils (middle and upper school) and Swisscom Academy KPI: Number of visitors	<b>2016: 43,500</b> <b>7,500: parents/teachers</b> <b>24,000 pupils</b> <b>12,000: Academy</b> <b>2017:</b> <b>7,500 parents/teachers</b> <b>25,000 pupils</b> <b>16,000: Academy</b>	<b>2016 target achieved (43,236)</b> <b>6,024 + 21,529 + 15,683</b> Media courses: Increasing publicity with specific communication measures, strengthen capacity of course instructor Academy: extended offers <b>2017 measures:</b> > Expansion of offering by means of an online platform > Further marketing of the offering
<b>Promoting media skills:</b> <b>Visitors to the Media Smart platform (G4-SO1)</b> KPI: Number of visitors on the platforms	<b>2016: 120,000</b> <b>2017: 120,000</b>	<b>2016 target not achieved (51,271)</b> <b>2017 measures:</b> > Continuation of SEO (search engine optimization) measures > Review of the reorientation of the platform

## Attractive employer

<b>Main target:</b> <b>Establishing the company's position as one of the most popular employers in Switzerland</b> The position is measured by reference to the "Universe" ranking by students and professionals KPI: Rank	<b>2020: Rank</b> <b>Students: 2</b> <b>Professionals: 2</b>	<b>2014 baseline value: Students (5); Professionals (2)</b> <b>2016 value: Students (4); Professionals (2)</b> <a href="http://universumglobal.com/rankings/company/swisscom/">http://universumglobal.com/rankings/company/swisscom/</a> <b>2017 measures:</b> > Step up communication activities (flexible working model, purchasing additional holiday time, Move!, Give&Grow)
<b>Diversity (G4-LA12)</b> Increased diversity among staff, as measured by gender, age and inclusion KPI: Diversity Index of Superior School of Lucern, share of women in management positions (gender) and employees whose performance is impaired due to health problems (inclusion) in total employee numbers Management: Group Executive Board and all management levels	<b>2017:</b> <b>Diversity Index: Top 1</b> <b>Medium term:</b> <b>Gender: 20%</b> <b>Inclusion: 1%</b>	<b>Diversity Index 2014: Platz 6 (carried out every two years)</b> <b>baseline value for share of women: 9.9%</b> <b>2016 value: 12.3%</b> <b>2014 baseline value for inclusion: 0.64%</b> <b>2016 Value: 0.85%</b> <b>2017 measures:</b> > Promotion of flexible working models for women and men at all levels > Specific training opportunities for women in management positions, Women's pools in recruitment for MINT bodies, ICT weeks for girls > Inclusion of people with autism in IT testing
<b>Occupational health management OHM (G4-LA6)</b> Keep staff absence rate constant or reduce it over the prior year KPI: Absences in days/target days (weighted by FTE) x 100 Target days are based on standard working hours.	<b>2016: Remain at 2.8% or lower</b> <b>2017: Remain at 2.8% or lower</b>	<b>2015 baseline value: 2.9%</b> <b>2016 target not achieved (3.1%)</b> <b>2017 measures:</b> > Transverse projects: BGM@CTP (Customer Touchpoint), improvement presence management, non-work-related-accidents > Pilot projects: Learning-Lunches Worklife-Tech-balance, Mindfulness@Meeting, for noticeable problems, attentiveness over noon, study health promotion office rooms > Standard offerings: MBSR (mindfulness based stress reduction), ergonomics-mini-consulting, Leadership & Health, health checks for employees with time autonomy, Learning-Lunches regulars table (discussion about Burnout), Learning-Lunches nutrition
<b>Corporate Volunteering (GRI-SO1)</b> KPI: Number of volunteer days Give&Grow	<b>2016: 1,300 days</b> <b>2017: 1,300 days</b>	<b>2016 target not achieved (1,218 days)</b> <b>2017 measures:</b> > Continuation of the programme in line with the number of volunteer days in previous year

Priority of the CR Strategy	Targets in the year under review Future targets	Status/Measures The target is considered to have been achieved if it comes within a tolerance of 5%, or not achieved or exceeded if it is outside the tolerance
<b>Fair supply chain</b>		
<b>Main target:</b> <b>Review of working conditions of employees working for our suppliers (JAC Initiative)</b> Number of audits multiplied number of employees at the audited factories KPI: Number of employees working at suppliers	<b>Guidance 2016: 1,315,000</b> <b>2020: 2 million</b>	<b>2013 baseline value: 400,000</b> <b>2016 value: 740,000</b> JAC = Joint Audit Cooperation <b>2017 measures:</b> > Continuation of audits by JAC community, acceptance of EICC audits
<b>Review of suppliers (G4-EN/HR/LA)</b> KPI: a) Number of suppliers that have been audited b) Number of suppliers with self-assessment (validated externally)	<b>2016:</b> a) 72 through JAC +6 b) 140 <b>2017:</b> a) 84 through JAC + 6 b) 160	<b>Target for 2016</b> a) achieved 69 JAC Audits; of which 6 led by Swisscom b) exceeded (140) <b>2017 measures:</b> > Intensification of joint activities as part of JAC (audits, qualitative + quantitativ), targeted "on-boarding" self-assessment
<b>Review of strategically important suppliers in terms of transparency of greenhouse gas emissions (G4-EN32)</b> KPI: Number of key suppliers that disclose their climatic data via CDP CDP = Carbon Disclosure Project	<b>2016: 54 (cumulative)</b> <b>2017: 60 (cumulative)</b>	<b>2016 target exceeded (54)</b> <b>2017 measures:</b> > Campaigns to encourage participation in the CDP through Action Exchange Program (AEP)
<b>Networked Switzerland</b>		
<b>Main target:</b> <b>Coverage of Switzerland with fixed ultra-fast broadband as a requirement for ind. BIP of CHF 30 billion (G4-EC7)</b> KPI: Coverage of households and businesses Ultra-fast broadband = bandwidth (BB) >100 Mbps Base: 3.6 mio. households and 0.7 mio. businesses	<b>2020: 85%</b>	<b>2013 baseline value: 16%</b> <b>2016 value: 69.2% (&gt; 50 Mbits); 39.5% (&gt;100 Mbits)</b> <b>2017 measures:</b> > Roll-out FTTx (x = home, street or curb) > Increase in bandwidth
<b>Main target:</b> <b>Coverage of Switzerland with mobile ultra-fast broadband as a requirement for ind. BIP of CHF 30 billion (G4-EC7)</b> KPI: Coverage of population Ultra-fast broadband = bandwidth up to 150 Mbps	<b>2017: 99%</b>	<b>2012 baseline value: 3%</b> <b>2015 value: 98%</b> <b>2016 value: 99%</b> <b>2017 measures:</b> > The target is reached with 99% coverage No new target for 2017 provided <b>Further measures:</b> > Development of the mobile network according to the 5G standard

## Corporate – Responsibility – governance and implementation

### Incorporation in the strategy

The Board of Directors of Swisscom is committed to pursuing a strategy geared towards sustainability. It addresses the relevant economic, environmental and social issues in plenary sessions. The implementation of the strategy is delegated to the CEO of Swisscom Ltd. In turn, the CEO can transfer powers and responsibilities to subordinate units and is supported in operational management by the members of the Group Executive Board.

The Group Communications & Responsibility division (GCR) is responsible for the implementation of the CR strategy.

 See  
[www.swisscom.ch/  
basicprinciples](http://www.swisscom.ch/basicprinciples)

### Responsibility of the Board of Directors

The Board of Directors approves the long-term CR strategy. It acknowledged this governance report and the long-term CR targets for 2020 and approved the strategic priorities. It also acknowledges the targets for the following year in December. The Board of Directors is informed in quarterly reports on the implementation status of the CR strategy and the achievement of targets. It also decides whether the scope of the CR strategy should be expanded – for example, to include –domestic and foreign subsidiaries.

### Responsibility of the Group Executive Board

The Group Executive Board convenes once a year to discuss the further development of the CR strategy and four times a year to discuss its implementation. It receives a status report semi-annually, reviews the past year in November and approves the targets for the coming year.

The Group Executive Board has the following controlling instruments at its disposal:

- > Weekly reports prepared by Group Communications & Responsibility, with information on measures and the project status
- > Quarterly reports with information on the KPIs (Key Performance Indicators) based on the priorities of the CR strategy
- > Quarterly reports drawn up by Risk Management

Group Executive Board members and the Head of Group Communications & Responsibility have been named as internal sponsors for the priorities of the CR strategy. They are responsible for progress and the achievement of targets within their priority areas. The areas of responsibility are aligned to the core tasks of the respective Group Executive Board members and the Head of Group Communications & Responsibility. They are defined as follows:

- > **Overall management:** Head of Group Communications & Responsibility
- > **Energy efficiency and climate protection:** Head of IT, Network & Infrastructure and Head of Group Business Steering (CFO) of Swisscom Ltd
- > **Work and life:** Head of Products & Marketing and Head of Enterprise Customers
- > **Media skills:** Head of Products & Marketing, Head of Sales & Services
- > **Attractive employer:** Head of Group Human Resources
- > **Fair supply chain:** Head of Group Business Steering
- > **Networked Switzerland:** Head of IT, Network & Infrastructure

These areas of responsibility ensure that the priority areas are binding and firmly embedded in the company.

## Role of Group Communications & Responsibility

The Group Communications & Responsibility division or, more specifically, the Corporate Responsibility (CR) team attached to this division, is responsible for coordinating the implementation of the CR strategy and leveraging synergies across all divisions. The CR team's specific tasks include:

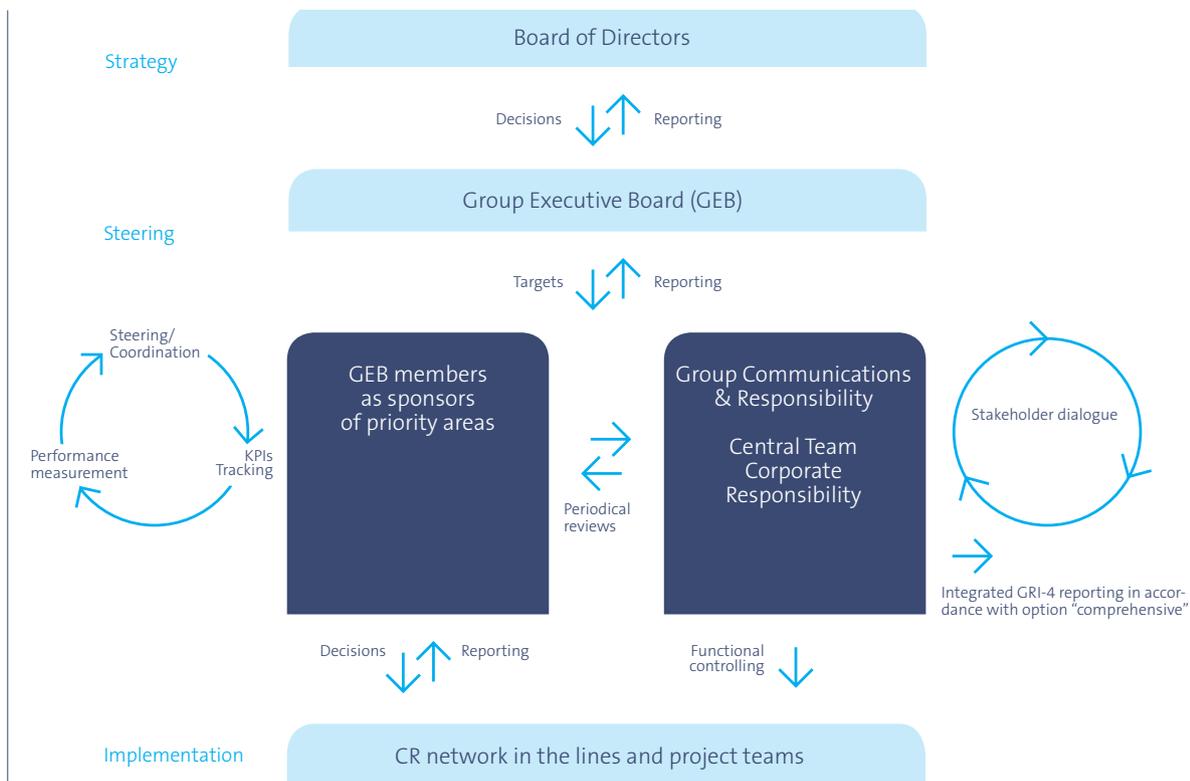
- > Drawing up the CR strategy (targets/priorities) in conjunction with line and support units
- > Supporting the sponsors from the Group Executive Board
- > Coordinating the implementation of the strategy and the initiation of measures
- > Formulating the requirements for the implementation of the CR strategy
- > Engaging in dialogue with stakeholder groups
- > Engaging in dialogue with strategic partners (including NGOs)
- > Reporting to internal and external stakeholder groups
- > Liaising with the Group Business Steering division within the context of sustainability reporting and drawing up the Annual Report

## Line units and the Corporate Responsibility network

Depending on the strategic priority in question, CR measures are implemented either by project teams or line units. Additional management members are also designated in each division and these persons are responsible for engaging with the measures at an operational level in close collaboration with the CR team. An event is held at least once a year for all of the members of the CR network for the purpose of exchanging information and exploring new issues.

## Members of the Group Executive Board and their responsibilities

The diagram below illustrates the role of members of the Group Executive Board in providing support and advice to the line units.



## Management approaches

### Precautionary principle

Swisscom operates in a sustainable manner and uses established management systems and approaches to reduce environmental, business and social risks. Group targets and directives ensure that Corporate Responsibility requirements are taken into account in operations and projects. Another important element of Swisscom's precautionary principle is staff training and the raising of awareness among employees, involving, for instance, a separate programme addressing sustainability issues at Swisscom.

Management systems adhere to ISO international standards. External audits confirm compliance with the following standard requirements through certification:

- > 9001 Quality management
- > 14001 Environmental management
- > 14064 Guideline on Swisscom greenhouse gas inventory
- > 20000 IT service management
- > 27001 Information security management system
- > 33002 Information technology – process assessment

With regard to the electromagnetic fields in telecommunications technology – particularly mobile phone use – Swisscom has a certified quality assurance system (QAS) in place. This system is designed to ensure compliance with the limits set down in the Ordinance on Protection from Non-Ionising Radiation (ONIR limits). Preventive measures are taken as part of the company's operational risk and safety management system.

### Management approaches and material issues

Swisscom has management approaches for the issues contained in the materiality matrix. Among others, the following requirements apply for the topics in the top-right quadrant of the matrix:

- > Group Directive on the financial management of the Group
- > Collective employment agreement covering the representation of employees, the relationship with unions and other matters
- > “Mobile working” guideline, which sets out the rules governing mobile working, and “management guideline”
- > Environmental management system in accordance with ISO 14001 and associated directives and guidelines on the issues of energy and CO<sub>2</sub> (guideline on Swisscom greenhouse gas inventory in accordance with ISO 14064)
- > Big data directive on the topic of data protection
- > Purchasing policy
- > Compliance policy with the associated compliance management system (described in detail below) and directives (for example, on the issues of law and anti-corruption)
- > Investment guideline requiring Swisscom to assess the environmental and social impacts of significant investments

Swisscom supports the Digital Manifesto.

## Compliance management

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 CMS is based on the following underlying elements:

- > **Culture:** An effective CMS is founded on a culture of compliance. The Code of Conduct sets down the minimum expectations of the Board of Directors and CEO of Swisscom Ltd, which are communicated throughout the Group in the course of management work and day-to-day collaboration.
- > **Objectives:** The Board of Directors has defined compliance goals. All organisational measures and activities are aligned with these goals.
- > **Risks:** Swisscom identifies and defines compliance risks based on its business activities as well as on regulatory and legal requirements and any corresponding amendments. It assesses these risks and manages them using suitable measures.
- > **Organisation:** The Board of Directors has defined the minimum tasks of Compliance. The Group Executive Board and the management boards of the subsidiaries have defined further tasks and responsibilities and provide the resources required for an effective CMS.
- > **Communication:** Employees are informed of their tasks, competences and responsibilities. Regular reports are sent to the Board of Directors and the Group Executive Board of Swisscom Ltd, as well as the management boards and boards of directors of the subsidiaries and other internal units.
- > **Monitoring and improvements:** Swisscom monitors the CMS and eliminates any weaknesses on an ongoing basis.

The implementation of the CMS can be illustrated as follows using the example of the anti-corruption field of law. Group Compliance reassessed the risks relating to anti-corruption during the financial year based on the findings from audits, revisions to criminal law and changed customer requirements. It recommended to the Group Executive Board that it amend the anti-corruption directive and implement new processes in line with the prevailing risks. Employees were informed of the new directive by the CEO ("tone at the top") and had to confirm they had read and understood its content by means of e-confirmation. To ensure that employees have absorbed the corresponding provisions of the directive and the need for compliance, Group Compliance instigated various other measures with a view to the respective risks, including the setup of specific risk-based target groups. These target groups completed a face-to-face training session, a webinar or an e-learning course. The existing IT invitation system was reconfigured to safeguard compliance with the directive and ensure the implementation of the streamlined processes. Group Compliance will reassess implementation during the next financial year, evaluate potential improvements and recommend appropriate measures.

## Responsible marketing

Swisscom's marketing is aligned to its mission statement and the principles of the Swiss Commission for Fairness (Schweizerische Lauterkeitskommission). These principles govern all of the relevant aspects of fairness and integrity in communication. The Brand Strategy team, which is integrated in Group Communications & Responsibility, is responsible for informing Swisscom's various marketing units about any developments in these principles. Ensuring that the principles are adhered to is the responsibility of the communicating units, as they are in a position to recognise any breaches of compliance early on and to take preventive action.

Swisscom does not differentiate its customers by age or gender, but rather ensures that each customer can get to grips with an ever more networked and digitised world on an individual level. This approach ensures that Swisscom can support its customers without discrimination and according to each customer's personal level of knowledge.

There were no infringements against fair trading in marketing and communications in the year under review.

## The protection of human rights within the Swisscom Group and throughout the supply chain

  
See  
[www.swisscom.ch/  
humanrights](http://www.swisscom.ch/humanrights)

The protection of human rights is an integral part of Swisscom's corporate culture. Swisscom aligns itself with recognised standards, including the UN guiding principles for entrepreneurs and human rights, SA 8000 from Social Accountability International (SAI) and the company's procurement guidelines. The principles were published in a new 2016 guideline on protecting human rights.

## Practices in relation to copyright laws

Copyright is governed by the collective employment agreement. Employees assign any copyright and associated protective rights (in particular rights to software) and all shared rights to Swisscom if these rights were created while working for Swisscom. This applies specifically to all achievements made by employees either alone or in collaboration with others while employed by Swisscom. In the event that Swisscom has no interest in the rights transferred to it, the employee's right to make use of them may be returned by contract.

The Swisscom product to be checked to make sure that it complies with F/OSS licence requirements must to the greatest possible extent be ready to go live and the decision to roll out the Swisscom product on other national markets must have been made. The duties and responsibilities involved in the process for checking F/OSS licence compliance (scan and analysis, consulting, audit) are subsumed as the F/OSS compliance service in the F/OSS Centre of Competence.

## Further management approaches based on the six GRI categories (economic, environmental, labour practices, human rights, society and product responsibility)

There are Group directives governing the various GRI sustainability topics. Specific technical regulations and guidelines also exist, for example, on the cooling of telephone exchanges and data centres and the decommissioning of transmitter stations. For example, Swisscom uses a CR checklist to ensure economic, environmental and social criteria are taken into account in all projects relating to network infrastructure, services and products. In addition, guidelines govern the recycling and disposal of network infrastructure, which was previously carried out on an ad hoc basis.

Requirements based on environmental criteria exist for renovations and newly constructed businesses. Swisscom's Swiss subsidiaries and its Italian subsidiary Fastweb use instruments tailored to their needs. These regulations are cited in the following sections.

## Swisscom's responsibility towards the public

As a responsible "corporate citizen", Swisscom actively participated in discussions on the following issues during the reporting year:

- > Swisscom supports sustainable conduct in the ICT sector.
- > Swisscom provides ICT training places, promotes Switzerland as an ICT location within the scope of the 2016 CeBIT commitment, supports schools in the area of youth media protection and is continuing to develop the "Internet for Schools" project. It also supports the work done as part of the Digital Zurich 2025 project and its successor organisation Digital Switzerland.
- > Swisscom is improving customer service, for example, in the area of consumer protection through the Cold Calls project, which solved the problem of unsolicited sales calls at the end of 2016.
- > Swisscom is developing nationwide mobile and broadband infrastructure in Switzerland. In so doing, it is providing a solid basis for digitisation in Switzerland and helping secure the future of Switzerland as a financial centre.
- > Swisscom is continually improving its customer information systems, for example, with services such as "Swisscom Cockpit" for Swisscom customers who are travelling abroad.
- > Swisscom is working on various projects in the area of climate change, including the Work Smart initiative and the tiko service.

During the year under review, as in the previous financial year, Swisscom submitted statements as part of consultations at federal level. In addition, it took part in a hearing of the National Council's Committee for Transportation and Telecommunications (CTT) in relation to the Federal Council's Telecommunications Report, i.e. a potential revision of the Federal Telecommunications Act. It also had a say on the Ordinance on Telecommunications Services (OTS).

  
See  
[www.admin.ch](http://www.admin.ch)

Lastly, it submitted a statement on the revision of the Federal Mail and Telecommunications Monitoring Act and was also involved in formulating the corresponding statement of the industry association Association Suisse des Télécommunications (asut). Both statements can be viewed on the websites of the authorities in question.

Ahead of the popular initiative “Pro Service Public”, which was unanimously rejected by the Swiss population with 67.6% of the vote on 6 June 2016, Swisscom weighed in on the debate in the capacity of specialist. Its aim in so doing was to advise the general public of the negative repercussions that accepting this initiative would have had on the company and on Switzerland as a whole.

Through its participation in the new advertising alliance Admeira, Swisscom was also involved in a hearing of the National Council’s Committee for Transportation and Telecommunications (CTT).

Swisscom’s statements are based on the principle of self-regulation and competition in an open marketplace. Numerous attractive new customer offers and large investments made in the reporting year underscore this principle.

Swisscom supports a solution-oriented approach, in the interest of the common good and in the interest of the company. The positions Swisscom takes are based on clear facts. Swisscom maintains transparent and trusting relationships with politicians, public authorities and the community. As part of this, it participates in public hearings and events and plays its part in the political process by issuing written statements. Based on the relevant ethical codes (the Code of Lisbon and the Code of Professional Conduct of the Swiss Public Affairs Society), Swisscom rejects unlawful or ethically questionable practices aimed at exerting influence on opinion leaders. Moreover, Swisscom is a non-denominational, politically neutral organisation and does not support any political parties financially.

# Energy efficiency and climate protection

In keeping with the Swiss Confederation's 2050 energy strategy, Swisscom is aiming, by the end of 2020, to increase its energy efficiency by a further 35% compared with 1 January 2016. Together with its customers, Swisscom is also aiming to save twice as much CO<sub>2</sub> as it emits throughout the entire company including the supply chain by 2020, and promotes the use and production of renewable energies.



## Environment, objectives and management approach

The energy turnaround and climate change remain key issues for Swisscom and its stakeholder groups. The Swiss Confederation's 2050 energy strategy intends to phase out nuclear power plants and promote renewable energies. It calls for the consistent use of opportunities to increase energy efficiency and to transition to renewable energies. Swisscom places a special focus on increasing its own energy efficiency and on climate protection. The company has determined its energy requirements until 2020 and plans to increase energy efficiency by 35% from 2016 to the end of 2020. This target is set out in a target agreement with the Energy Agency of the Swiss Private Sector (EnAW). Together with the other government-associated enterprises that are pursuing the Swiss Confederation's 2050 energy strategy, Swisscom is also a member of the working group "The Confederation: exemplary in energy" ("Vorbildfunktion des Bundes im Energiebereich" – VBE).

Swisscom aims to work together with its customers to save twice as much CO<sub>2</sub> as it emits throughout the entire company including the supply chain by 2020. This undertaking has been summarised as the "2:1 target". The ratio between savings and emissions at the end of 2016 was around 0.99 (prior year: 0.81). Swisscom aims to achieve the "2:1 target" by reducing emissions and by promoting and marketing its sustainable portfolio. It has reported the emissions reduction to the Science Based Targets initiative (SBT), a partnership between CDP (Carbon Disclosure Project), UN Global Compact, WWF and World Resources Institute (WRI). It classifies company reduction targets as "science-based" if they are in line with the level of decarbonisation required to keep the global temperature increase below 2° C. Swisscom is committed to reducing its Scope 1 emissions by 10%, Scope 2 emissions by 100% and Scope 3 emissions by 18% by 2020, with all targets relating to 2013 levels. Swisscom is among the 32 companies worldwide whose reduction targets were recognised by the SBT initiative in 2016.

See  
[www.sciencebasedtargets.org](http://www.sciencebasedtargets.org)

Ratio of CO<sub>2</sub> reductions to CO<sub>2</sub> emissions



Efficiency increase in Switzerland since 1.1.2016 and forecasts in %



Environmental and purchasing policies provide a framework for Swisscom to use its resources sustainably. Management norms, standards and internal directives allow the planned saving and efficiency measures to be systematically implemented. Swisscom subsidiaries with operations that are of significant environmental importance are ISO-14001-certified. These are Swisscom (Switzerland) Ltd, Swisscom Broadcast Ltd and cablex Ltd, which are also certified to ISO 9001. The Italian subsidiary Fastweb S.p.A. is also ISO-14001-certified. The management systems and processes certified to ISO 14001 cover more than 96.2% of the Swisscom Group (including Fastweb) by headcount (prior year: idem 96.2%).

## Energy efficiency: energy consumption and savings

### Energy consumption as the main environmental impact factor

Swisscom's energy consumption and the related CO<sub>2</sub> emissions primarily affect the environment and climate. Swisscom is committed to boosting energy efficiency and making increased use of renewable energies in order to minimise the environmental and climatic impact of its business activities. In addition to the network infrastructure described in the Management Commentary, Swisscom directly owns or operates a substantial real estate portfolio. This comprises offices, commercial buildings, local exchanges and data centres. Swisscom does not operate any warehouses or distribution centres, but does maintain a fleet of company and commercial vehicles.

### Energy management at Swisscom

Energy management at Swisscom aims to reduce costs, enhance efficiency and keep the company's ecological footprint to a minimum. In simplified terms, it comprises the following processes:

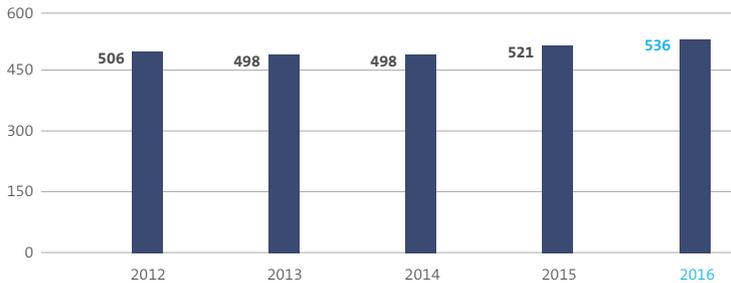
- > Determining energy requirements over a specific period of time
- > Determining the energy mix, particularly the electricity mix
- > Determining and approving energy efficiency targets and measures
- > Implementing energy efficiency measures
- > Generating electricity
- > Using waste heat
- > Monitoring, accounting and reporting
- > Developing and marketing sustainable ICT products and services

### Consumption of electricity from renewable sources and eco-electricity

Swisscom's energy consumption in Switzerland amounted to 448 GWh in 2016 (prior year: 434 GWh). This represents an increase of 3.2% (prior year: 6.3%). The company was able to balance out a portion of the additional energy consumption attributable to network expansion through efficiency measures. Since 2010, Swisscom has offset the proportion of nuclear power, electricity of unknown origin and electricity from fossil fuels in its electricity mix used for its network infrastructure and the businesses it manages by purchasing guarantees of origin. It is thus increasing the sustainability

of its electricity mix. In 2016, as in previous years, Swisscom once again used 100% renewable energy, a claim that was verified by the SGS. The company purchased 25.0 GWh (prior year: 18.5 GWh) of “naturemade star” energy from solar power (21.0 GWh) and wind power (4.0 GWh). This makes Swisscom one of Switzerland’s largest purchasers of wind and solar power.

Energy use Swisscom in GWh



### Efficiency measures for the electricity consumption of networks

Swisscom continued the successful “Mistral” energy-saving project in 2016 for the cooling of its telephone exchanges. The project, which now operates under the name “Mistral Future”, has once again doubled the energy efficiency of the telephone exchange cooling system by adjusting air volumes and deploying new technologies. At the end of 2016, Mistral was being used to cool 841 telecom systems in local exchanges, which represents an increase of 2.4% and a saving of 1.8 GWh in 2016. Mistral is a cooling technology that relies solely on fresh air, all year round. It replaces conventional energy-intensive cooling systems equipped with compressors and contributes to a massive improvement in energy efficiency. Mistral also eliminates the need for harmful refrigerants. In the year under review, Swisscom cooled an additional 78 mobile base stations using fresh air. The consolidation of fixed-network and mobile platforms saved a further 8 GWh in 2016.

### Efficiency measures for electricity consumption in data centres

Swisscom achieved an average PUE (power usage effectiveness) value of 1.47 across all of its data centres in 2016 (prior year: 1.50). With a PUE value of 1.34 in 2016 (in comparison to the planned target value of 1.2), the data centre in Berne Wankdorf is particularly energy efficient. The PUE value represents the ratio of total power consumed by the data centre to the power consumed by the IT systems running there.

The company increasingly uses shared servers in its data centres. This server virtualisation requires less IT infrastructure and already enabled additional savings of 17.9 GWh in 2016.

### Efficiency measures for electricity consumption in buildings

During the 2016 reporting year, Facility Management carried out energy checks throughout Switzerland in accordance with the established Pioneer standard. In 2016, these checks helped optimise the operating conditions of 49 buildings, saving 416 MWh of energy (prior year: 478 MWh).

Swisscom is committed to modernising existing, inefficient lighting. This not only reduces the company’s energy consumption, but also improves the quality of the lighting. In addition, efficient lighting systems emit less warmth, which has a positive impact on ambient conditions. Swisscom has therefore optimised the lighting in two large office buildings and, for instance, replaced all the lights in the auditorium in Worblaufen with LEDs. These measures alone generate annual energy savings of 4.7 MWh.

## Efficiency measures when using fossil fuels to generate heat and, consequently, reduce CO<sub>2</sub> emissions

Swisscom measures the consumption of heating oil, natural gas and district heating on a monthly basis in its 61 biggest buildings, which together make up over half of the total floorspace. These figures are extrapolated to calculate the overall annual consumption.

During the reporting year, Swisscom consumed 174.1 terajoules (48.4 GWh) of fuel to heat its buildings (prior year: 47.3 GWh). The company's fossil fuel-based heating mix comprises 60.3% heating oil, 16.5% natural gas and 23.2% district heating. Over the past five years, Swisscom has reduced the heat coefficient per m<sup>2</sup> in its buildings by 2.4%. While this resulted in a reduction in CO<sub>2</sub> emissions, the actual savings this brings are ultimately impossible to calculate due to the fact that the energy mix changes each year.

Swisscom intends to further reduce the amount of energy it uses to heat its buildings. In pursuit of this objective, it systematically continued to implement measures throughout the year under review to reduce the energy consumption and CO<sub>2</sub> emissions involved in heating buildings. A detailed energy monitoring system has provided an improved data set for the energy analysis and uncovered instances of disproportionately high energy consumption.

Alongside this, Swisscom renovated and modernised several heating systems across Switzerland in 2016. Ahead of these renovations, Swisscom examined alternatives to heating using fossil fuels.

In three locations, Swisscom will completely eliminate the use of heating oil from the heating period 2016/2017 onwards.

At the beginning of 2016, Swisscom's Minergie-P-Eco® business park in Ittigen near Berne received the Watt D'Or award in the "Buildings and Space" category. The new building impressed the judging panel with its cutting-edge automated ventilation system, its energy efficiency (Minergie-P-Eco), its comfort and its low operating costs and high degree of operational safety.

Swisscom also implemented nine eco-relevant building projects in 2016. As evidenced by an internal reporting form, this lets the company save 46.8 MWh of energy and reduce its CO<sub>2</sub> emissions by 83.3 tonnes.

The energy checks also helped reduce CO<sub>2</sub> emissions by 44.5 tonnes (prior year: 74).

The new building in the Sion business park has had a positive influence on the energy balance. Moving into the modern building (compliant with the Minergie-P-Eco standard) means that Swisscom no longer needs to rent inefficient office space.

These renovations and modernisations allow Swisscom to save 642.4 MWh and prevent 104.0 tonnes of CO<sub>2</sub> emissions every year.

## Efficiency measures in fuel consumption, mobility and CO<sub>2</sub> reduction

The ability to provide first-class customer service and expand the network infrastructure depends on the seamless mobility of staff. In 2016, the vehicles in Swisscom's fleet covered a total of 60.2 million kilometres (prior year: 59.5 million kilometres) in the service of customers (i.e. not including private trips), which corresponds to a fuel consumption of 139.8 terajoules (38.8 GWh, prior year: 143.5 terajoules or 39.3 GWh). As a result, fuel consumption decreased by -2.6% year-on-year (prior year: -3.7%).

Thanks to a progressive deployment strategy, the average CO<sub>2</sub> emissions per vehicle are to be reduced from 113 g CO<sub>2</sub> for each kilometre travelled (2015) to 95 g CO<sub>2</sub>/km by the end of 2020. In accordance with the New European Driving Cycle (NEDC), CO<sub>2</sub> emissions from vehicles in the Swisscom fleet according to manufacturers' information averaged 109 g CO<sub>2</sub>/km as of the end of 2016, 96% with of the fleet classified in energy efficiency categories A and B. Swisscom also operates a fleet of 463 (+16.9%) hybrid vehicles, 45 (-25.0%) vehicles powered by natural gas, 16 (+6.7%) electrically driven vehicles and 14 (-57.6%) e-bikes. All electrical vehicles are recharged in Swisscom buildings and garages using electricity generated from renewable energy sources. In 2016, Swisscom employees used 124,724 (-2.2%) rail tickets for business travel and were issued with 14,051 (-5.6%) half-fare cards and with 3,394 (-3.1%) GA travelcards.

## Efficiency gains through sustainable ICT services at Swisscom

Swisscom not only encourages its customers to use sustainable ICT, but also uses the appropriate solutions itself:

- > **Virtual conferences:** 18 Swisscom sites are equipped with the Telepresence virtual video-conferencing solution, including Fastweb in Italy.
- > **Work Smart:** Many Swisscom employees are able to work with other colleagues via video-conferencing and desktop sharing, enabling them to complete some of their work from home or on the go. Collaboration platforms also offer a simple way of accessing knowledge. The launch of the Work Smart initiative has further embedded new working methods within the company, and Swisscom shares its experience with other companies. A management guideline provides managers with useful tips on how to manage new working methods.
- > **Smart buildings:** Applications in the area of the Internet of Things allow buildings or transport systems to be operated more efficiently than before. In the area of smart buildings, Swisscom conducted a successful pilot with an external company in Sargans aimed at optimising the operation of heating systems in Swisscom buildings using weather forecasts. The solution tested within the scope of this trial will now be rolled out for at least another five Swisscom buildings, beginning in winter 2016/2017.

## Generating electricity

Swisscom has been generating its own electricity since 2005 and sees this as an important contribution towards a sustainable energy policy. The option of installing a solar facility is now taken into consideration each time a building is renovated. Provided such a facility is deemed economically viable, the option is then implemented.

Swisscom commissioned an additional three solar installations at transmitter stations (208 kWp) or at telephone exchanges and buildings (158 kWp) in 2016.

The total output of all of Swisscom's solar facilities is 1,669 kWp (+366 kWp or +28.6% compared with the prior year's output of 1,281 kWp). Swisscom intends to continue its electricity generation programme in the coming years. It has set itself the target of achieving an installed output of more than 2,000 kWp by 2020 – double the target value as at end-2015.

## Utilising waste heat

In certain buildings, Swisscom meets the heating requirements in full by utilising waste heat from its operations rooms. A heat pump installed in the Swisscom operation building in Zurich Herdern in 2015, for example, supplies the heating energy needed for the entire building. This enables Swisscom to save around 900 tonnes of CO<sub>2</sub> a year, which corresponds to 8% of the total CO<sub>2</sub> emissions attributable to Swisscom's heating needs. In addition, Swisscom supplies waste heat from its operation buildings or data centres to district heating associations or neighbouring areas within the scope of special agreements. Besides Zurich Herdern, for instance, it also feeds waste heat into the district heating system in Zurich Binz and Berne Wankdorf to directly heat residential and office buildings in the neighbouring area. This led to Swisscom supplying 8.1 GWh of thermal energy to the neighbouring areas as district heating in 2016 (prior year: 5.95 GWh). The measure saved 800,000 litres of heating oil (prior year: 595,000 litres) and avoided the CO<sub>2</sub> emissions that would have been generated.

## Overall impact of efficiency measures at Swisscom

Swisscom's energy consumption (electricity, heating fuels and vehicle fuel) in Switzerland amounted to 536 GWh in 2016 (prior year: 521 GWh). Without the efficiency measures implemented since 1 January 2016, Swisscom would currently consume an additional 47.4 GWh of energy per year.

Total annual energy efficiency is calculated as the ratio of total energy used and energy saved to total energy consumption. Swisscom follows this definition within the scope of the current target agreement with the Energy Agency of the Swiss Private Sector (EnAW).

## Energy savings for customers thanks to improved devices

Life-cycle assessments produced by Swisscom in recent years have identified the following three aspects as the main environmental impact factors for networks and devices:

- > **Energy consumed** by devices through customer use
- > **Energy consumed** by producing the devices
- > **Energy consumed** by network elements

The energy consumed by customer devices can be extrapolated to 273,000 MWh based on the devices, the energy consumption of each device and the typical usage profiles. As regards energy consumption, Swisscom makes its customers aware of the many different opportunities for saving energy, as well as offering concrete solutions:

- > **Saving energy is so easy:** On the initiative of the Swiss Federal Office of Energy (SFOE), Swisscom and two other providers decided to launch a joint information campaign. The aim of the campaign is to optimise the energy consumption of devices such as modems, routers and TV set-top boxes by encouraging customers to use the correct settings. Swisscom is supporting the campaign by informing its customers and explaining energy-optimised settings on its website.
- > **ENERGY CHALLENGE 2016:** Swisscom has been using its main partnership with ENERGY CHALLENGE 2016 to teach customers and non-customers how to operate their devices in an energy-efficient manner. Specifically, Swisscom hosted a roadshow across nine Swiss cities to provide tips and tricks on the energy-saving use of Swisscom products. In addition, it promoted sustainable products (including solar-operated accessories) through interactive means.
- > **Swisscom TV 2.0:** Swisscom TV 2.0 no longer stores recordings on the set-top box itself, but in the cloud. As a result, the box does not need a hard disk, which means that it consumes around 36 kWh or 40% less energy than its predecessor model. Swisscom has also provided Swisscom TV 2.0 customers with detailed information on the most energy-efficient settings for their set-top box for day-to-day use and when they are on holiday. In 2016, Swisscom launched a new UHD-compatible TV box on the market. In spite of its significantly improved performance, this box does not use any more energy than the previous box. By the end of 2016, Swisscom had attracted 1.48 million customers to sign up for Swisscom TV. Despite this customer growth, the level of energy consumed by customers has declined.
- > **Internet-Box:** Swisscom launched the Internet-Box 2 in 2016, which replaces the Internet-Box Plus. The new Internet-Box 2 now offers several energy-saving features. A time switch allows users to set times during which the Wi-Fi, the central storage function or the telephony (DECT) will be switched off. Moreover, thanks to the Internet-Box 2, fewer devices are used in the home network. This is because the boxes replace the multiple devices that used to be required to connect computers, TVs and HD fixed-line telephony, thereby significantly reducing energy consumption.
- > **Low Power Gateway research project:** Almost every home in Switzerland has a router that connects it to the Internet and telephone network. A Swisscom project has now shown that a new generation of energy-saving routers with an output of less than two watts could provide the same service while using far less energy. Swisscom therefore endeavours to further improve the energy efficiency of its own routers and is investing in research and development in this area. 2016 saw the conclusion of the research project to develop a pilot for an energy-saving low-power router. The further development of the low-power router for rollout into serial production does not seem feasible at the current time. Swisscom is nevertheless reviewing how the findings gained during the project can be incorporated into its device strategy.
- > **Ecomode plus:** Cordless phones with Ecomode plus emit minimal levels of radiation. Almost all of the cordless phones sold by Swisscom are now models with Ecomode plus.

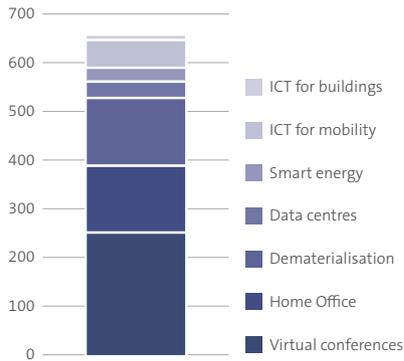
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[www.swisscom.ch/  
save-energy](http://www.swisscom.ch/save-energy)

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## The climate protection target for 2020: 2 to 1

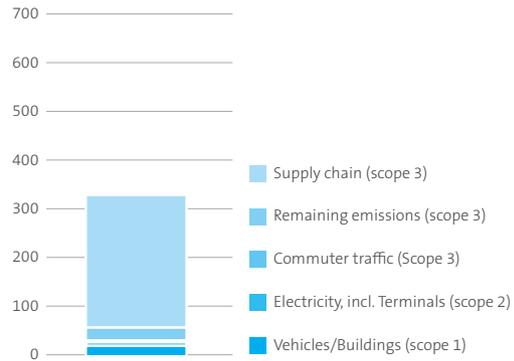
Swisscom aims to work together with its customers to save twice as much CO<sub>2</sub> as it emits throughout the entire company including the supply chain by 2020. This undertaking has been summarised as the “2:1 target”.

**Savings by the customers 2020** in kt CO<sub>2</sub>



Status 2015: 363 kt CO<sub>2</sub> eq.  
Status 2016: 449 kt CO<sub>2</sub> eq.

**Emissions Swisscom 2020** in kt CO<sub>2</sub>



Status 2015: 449 kt CO<sub>2</sub> eq.  
Status 2016: 451 kt CO<sub>2</sub> eq.

## CO<sub>2</sub> savings by customers thanks to sustainable ICT services

The ICT sector has a key role to play in reducing CO<sub>2</sub> emissions. A study conducted by the Global e-Sustainability Initiative found that the ICT sector has the potential to reduce CO<sub>2</sub> emissions worldwide by some 16%. This potential reduction is around seven times the amount of CO<sub>2</sub> emissions produced by the sector itself.

Swisscom invests a lot of effort in structuring its offerings in a more energy-efficient and resource-friendly manner, and offers products and services that support customers in reducing their CO<sub>2</sub> emissions, in saving energy and in improving the work-life balance of their employees.

ICT solutions contribute to reducing CO<sub>2</sub> emissions in day-to-day work. For example, virtual conferences allow companies to cut down on business travel, and communications solutions allow employees to work from their home office. Furthermore, the optimisation of vehicle fleets, the use of energy-efficient services from data centres and the intelligent control of office buildings, equipment and power networks can all make a valuable contribution toward reducing CO<sub>2</sub> emissions.

Private households reduce CO<sub>2</sub> emissions when they replace physical media such as CDs, DVDs and magazines with digital products. E-shopping eliminates the need to make trips to brick-and-mortar stores and reduces the energy required to maintain the sales outlets.

See  
[www.swisscom.ch/greenict](http://www.swisscom.ch/greenict)

### Sustainable ICT services for business customers

Sustainable ICT services from Swisscom help business customers in their efforts to reduce their energy consumption and CO<sub>2</sub> emissions. Swisscom has set itself the target of constantly expanding its sustainable portfolio, and is focusing on the following areas of activity:

- > **ICT solutions for buildings:** Optimising energy consumption and reducing CO<sub>2</sub>
- > **ICT solutions for mobility:** Optimising and managing mobility and the corresponding impact on the environment
- > **Data centre services:** Outsourcing and virtualising servers in efficient data centres to optimise energy consumption
- > **Dematerialisation:** Reducing the use of paper through solutions for paper-saving printing and working without paper
- > **Home office:** Home office and mobile working solutions to reduce business travel
- > **Virtual conferences:** Solutions for efficient workplaces in order to reduce business travel

 See  
[www.swisscom.ch/  
together](http://www.swisscom.ch/together)

In 2016, Swisscom distinguished 42 sustainable ICT services with the “Together we can increase sustainability” label introduced in 2015.

The label designates sustainable products and services that help companies save energy and resources or improve the work-life balance and satisfaction of their employees. A list of the relevant products can be found on the Internet.

### Sustainable ICT services for residential customers

The residential customer segment of Swisscom Switzerland launched a programme during the year under review to further develop its range of Green ICT services for residential customers. In so doing, Swisscom aims to optimise its services from an ecological point of view (e.g., in terms of radiation and energy efficiency) and provide its residential customers with transparent information. During the year under review, this programme boasted the following successes:

- > **Smart energy:** The subsidiary Swisscom Energy Solutions Ltd has launched the tiko service, which allows residential customers to control their heat pumps, electric heating systems and boilers remotely and immediately alerts them in the event of any problems. tiko also compares the energy efficiency of heating systems in homes and businesses, and is free of charge for residential customers of Swisscom. It also aims to recover balancing energy within the Swiss energy market that can be used to offset fluctuations in demand by creating the largest possible pool of heat pumps and electric heating systems. This pool will allow significantly more renewable energy from energy sources such as wind and sun to be incorporated in the power supply and, in doing so, stabilise the power network.
- > **Data centre services:** The Docsafe data centre service allows residential customers to securely store all their documents in their own personal cloud on Swiss servers. The documents can then be managed, accessed from anywhere in the world and shared in encrypted format via computer, tablet or mobile phone.
- > **Dematerialisation thanks to online billing:** Online bills are an attractive and environmentally friendly alternative to paper bills. The share of customers who opted to receive their bill online rose from 25% in 2015 to 31.5% as of the end of 2016. In its communications with customers, Swisscom alludes to the fact that online billing not only benefits the environment, but also saves the customer time and money.

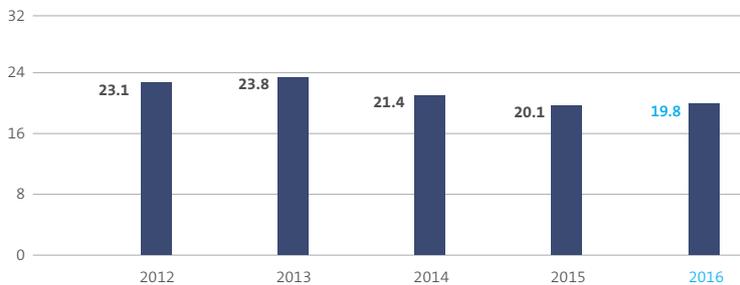
 See  
[www.tiko.ch](http://www.tiko.ch)

 See  
[www.swisscom.ch/  
billonline](http://www.swisscom.ch/billonline)

## Swisscom's CO<sub>2</sub> emissions

Swisscom maintains a greenhouse gas inventory, publishes its emissions according to recognised standards (ISO 14064) and has these verified externally. In accordance with the Greenhouse Gas Protocol, the company classifies its CO<sub>2</sub> emissions as Scope 1 (direct emissions resulting from burning fossil fuels for heating and mobility or from refrigerants), Scope 2 (indirect emissions caused by purchased energies) and Scope 3 (all other indirect CO<sub>2</sub> emissions resulting, for example, throughout the supply chain).

Direct CO<sub>2</sub> emissions Swisscom in thousand tonnes



### Carbon footprint based on Scope 1, 2 and 3 of the Greenhouse Gas Protocol (GHG)

- Scope 1 emissions:** Direct consumption of fossil fuels accounted for 15% of Swisscom's total direct energy consumption in 2016 (prior year: 17%). Scope 1 CO<sub>2</sub>-equivalent emissions from fossil fuels have fallen by 22.0% since 1 January 2010 and totalled 19,837 tonnes of CO<sub>2</sub>-equivalent in 2016, without adjustment for the number of heating days. Vehicle fuel accounted for 55% of this, and heating fuel for 45%. In addition, emissions from refrigerants included under Scope 1 were 220 tonnes (prior year: 503 tonnes). Swisscom does not include emissions from SF<sub>6</sub> losses in electrical transformers and stations, as these systems are not controlled by Swisscom.
- Scope 2 emissions:** Swisscom now presents its Scope 2 emissions before and after offsetting. The CO<sub>2</sub>-equivalent emissions from electrical energy consumption before offsetting amounted to 9,576 tonnes of CO<sub>2</sub>-equivalent in 2016 (location-based approach) or 0 tonnes of CO<sub>2</sub>-equivalent after offsetting with market instruments (i.e. certificates, market-based approach). Under Scope 2, Swisscom therefore did not emit any CO<sub>2</sub> as a result of electricity consumption in 2016, but had a share of 826 tonnes of CO<sub>2</sub>-equivalent from district heating.
- Scope 3 emissions:** Swisscom determined its greenhouse gas emissions in accordance with all Scope 3 categories (1, 2 and 4 supply chains; 3 provision of energy; 5 waste generated in operations; 6 business travel; 7 employee commuting; 8 leased sales outlets; 9 transport to customers; 11 use of the products; 12 decommissioning of the handsets; 15 investments), excluding the following categories: processing of sold products (category 10), downstream leased assets (category 13) and franchises (category 14). These categories were not relevant, as in 2016 Swisscom did not manufacture any products, did not operate any distribution centres (downstream leased assets) and did not operate any franchises. Swisscom's CO<sub>2</sub>-equivalent emissions according to Scope 3 amounted to 439,791 tonnes (prior year: 437,516 tonnes).

Swisscom publishes a climate report and has the report and the related greenhouse gas inventory externally verified. The report is structured in accordance with the ISO 14064 standard. The report not only provides information on CO<sub>2</sub> emissions, but also on the effects of the reduction measures implemented within the company. It also calculates the CO<sub>2</sub> emissions that can be avoided by corporate customers and residential customers if they use myclimate-certified sustainable ICT services. Finally, the climate report includes a balance sheet of CO<sub>2</sub> emissions and savings among customers. The ratio of savings among customers to emissions improved slightly over the previous year (0.81) to end the year at 0.99.

Swisscom is also involved each year in the Carbon Disclosure Project (CDP). The information gathered through the CDP regarding emissions and Swisscom's commitment to climate protection can be viewed on the CDP platform. Swisscom was again listed on the A-List and in the Carbon Disclosure Leadership Index (CDLI) in 2016.

See  
[www.cdp.net](http://www.cdp.net)

See  
[www.swisscom.ch/GRI-2016](http://www.swisscom.ch/GRI-2016)

## Other environmental aspects in the company

### Paper

Swisscom distinguishes between the use of short-life and long-life materials, and is committed to reducing the environmental impact of short-life materials, in particular paper. Swisscom uses recycled paper with the “Blue Angel” environmental label. Swisscom also used this high-quality recycled paper for its new simple billing during the year under review. For advertising or print media, Swisscom only uses paper with the FSC seal (Forest Stewardship Council). The company has significantly reduced paper consumption by switching to bimonthly customer invoicing, simple billing and paperless online billing. For printouts at its offices, Swisscom has introduced “follow-me printing”, which has helped to reduce paper consumption. Swisscom also uses 34 g/m<sup>2</sup> and 38 g/m<sup>2</sup> paper with the “Blue Angel” environmental label for telephone directories. Paper consumption for telephone directories is on the decline as significantly fewer directories are being printed.

In tonnes	Quality	2014	2015	2016
<b>Domain</b>				
Office (copiers, printers) (80 g/m <sup>2</sup> = 5 g/sheet)	Blue Angel <sup>1</sup>	130	137	92
Print media	FSC Seal	3,225	2,333	2,209 <sup>3</sup>
Bills and envelopes (envelopes = 6 g/pce)	FSC Seal	672.4	575.1	415.6
Phone directories	Blue Angel	2,945 <sup>2</sup>	2,699	2,414
Total paper consumption		7,449	5,401	5,130 <sup>3</sup>

<sup>1</sup> 75% in 2014, 100% previous years

<sup>2</sup> Telephones directories outside perimeter Swisscom(shift to LTV and takeover of LTV by Swisscom in 2014)

<sup>3</sup> Packaging in the amount of 770 tons included

### Cables, optical fibres and telephone masts

Network construction necessitates the use of long-life materials such as cables and optical fibres. In 2016, as in the previous year, Swisscom used the following materials in its fixed network: optical fibres, copper pairs and eco-friendly polyethylene piping. Copper is increasingly being replaced by optical fibre or only used in certain situations. The amount of copper used varies from year to year, as the table shows. The rollout of Fibre to the Street and Fibre to the Home enables broadband usage of the current copper cable over the last few metres. No new large-wire copper cables are being installed in the trunk zone.

Swisscom also installed wooden telephone masts which are treated with copper and chromium-containing preservatives. In 2015, it introduced a new process for inspecting the telephone masts, whereby only deficient telephone masts are replaced during renovations. This process radically reduced the number of telephone masts installed in both 2015 and 2016, as fewer masts were classified as rotten than in previous years. Three partner companies guarantee these telephone masts are disposed of in an environmentally friendly way at the end of their useful life.

in km, tonnes or number	Unit	2014	2015	2016
<b>Material</b>				
Glass fibre	fkkm	1,377,471	1,364,004	1,202,362
Copper pairs	km	104,032	81,191	62,637
Plastic pipes PE	km	810	734	492
Copper <sup>1</sup>	Tons	992	924	732
Plastic pipes PE <sup>1</sup>	Tons	774	725	438
Telephone poles (wood)	Number of items	8,789	7,502	3,515

<sup>1</sup> converted from plastic pipes, respectively copper pairs

## Water

Swisscom projects its water consumption on the basis of an average measurement conducted in its largest buildings and multiplies this measurement by the number of FTEs. The average measurement results in a consumption of 40 litres per FTE and day in 2016. Swisscom is increasingly focused on reducing its water consumption. As part of the process of operational optimisation (Pioneer project), it installed flow limiters in its existing buildings. The new Sion business park is fitted with advanced valves that reduce the daily consumption of water compared to traditional valves by 90%. The only business process in which water is used is cooling. Water as an environmental indicator thus carries little weight for Swisscom. In order to cool the return air in its data centres, Swisscom uses dry cooling. It only uses hybrid or adiabatic (i.e. through evaporation) systems to cool return air in exceptional cases. In accordance with an internal directive, preference must be given to rain water or, if permitted, river/lake water in such cases. In the case of the new data centre in Berne Wankdorf, the proportion of rain water used for cooling return air must be higher than 80%, and operation of the return air coolers using water may not exceed 15% of the total annual operating time. Water used for cooling therefore accounts for significantly less than Swisscom's total water consumption.

## Cooling systems and cooling agents

Swisscom is in the process of replacing all compression cooling systems that use cooling agents at its telephone exchanges with the advanced Mistral cooling system. Mistral cools telecommunication equipment throughout the entire year using only fresh air and does not require any cooling agents whatsoever. Around 93% of Swisscom's telephone exchanges have been retrofitted with Mistral. Swisscom is also increasingly cooling its transmitter and mobile base stations without the use of compression cooling systems. It now only operates compression cooling systems with cooling agents in data centres and in telecommunication control rooms, which Swisscom regularly checks are free of leaks. Cooling agent emissions in the year under review were determined on the basis of a refill volume of 182 kg (prior year: 202 kg). They have a global warming potential (GWP) of 220 tonnes CO<sub>2</sub>-equivalent (prior year: 503) and no ozone-depleting potential (ODP, 0 kg R-11 equivalent). Swisscom requires the use of natural cooling agents for the conversion or development of data centre cooling systems. If no other option is available, it uses cooling agents with a very low global warming potential. In 2015, Swisscom became the first company in Switzerland to install a heat pump using HFO-1234ze working fluid at its operation building in Zurich Herdern. This working fluid has a very low greenhouse gas potential (GWP = 6). 2016 also saw Swisscom retrofit facilities in Ticino to make them compatible with the new working fluid.

 See  
[www.swisscom.ch/  
climatereport2016](http://www.swisscom.ch/climatereport2016)

## Batteries and emergency power systems

Swisscom services must be available in the event of power outages. In order to facilitate this, the company has installed batteries and emergency power systems at telecommunication buildings and data centres. Swisscom regularly reviews the prescribed security measures in the battery rooms to prevent any danger to the environment through the use of batteries. At the end of their useful life, it has the batteries disposed of and recycled in an environmentally friendly manner. The emergency power systems are only used during power outages and for a few hours during annual test runs. The necessary fuel consumption is included in the overall figure of the fuel consumption of Swisscom.

## Packaging

Swisscom continues to send TV set-top boxes and routers as parcel post. The packaging used has been changed, with recycled material being chosen over virgin fibres. According to information provided by the manufacturer, this change results in a reduction of up to 60% in the amount of electricity consumed during manufacture, a reduction of up to 70% in water consumed as well as a drop in CO<sub>2</sub> emissions and waste.

## Waste

Swisscom selects its products carefully in order to extend their useful life. The volume of waste in the recycling segment is currently rising due to the change in technology and the switch to All-IP (fibre-optic technology).

Contracts are in place with the Swiss Waste Exchange, the company Locker and other external partners for the disposal of waste, while special waste is disposed of by authorised companies in accordance with legal requirements. Waste is sorted into 25 different types, which fall under the four main categories of recycling, household and operational waste disposed of in waste incineration plants, and special waste in accordance with the Federal Ordinance on Handling Waste (VeVA) – fluorescent lighting tubes with waste code 20 01 21, refrigerants with waste code 14 06 01, used oil with waste code 13 03 07, glycol water with waste code 16 01 15 and batteries with waste code 16 06 01 / 16 06 98. Leftover cables and building materials are sorted on site and disposed of directly. The volume of household waste was calculated by extrapolating the actual figures recorded in 2016 at six major locations throughout Switzerland, i.e. by multiplying the number of full-time equivalent employees at Swisscom in Switzerland by the average calculated volume of 40 kg per FTE.

In tonnes	2014	2015	2016	2016 in %
<b>Waste categories</b>				
Recycling	1,863	1,645	3,575	51.4%
Domestic waste disposal in incineration plants	1,443	1,505	750	10.8%
Operational waste disposal in incineration plants	404	1,944	2,596	37.3%
Special waste	17	23	30	0.5%
Total waste	3,727	5,117	6,951	100.0%

## Recycling

The “Recycling” category in the table above comprises the following materials: metals (copper, iron, aluminium), paper and cardboard, plastics (PET, PE, PP) and toner cartridges. Swisscom has introduced a directive governing the recycling of network infrastructure materials. Since 2015, Swisscom has adopted a uniform process that strengthens transparency along the entire disposal chain. It also uses recycled materials: the individual locations use recycled paper and the head office uses rain water and district heating from the nearby purification plant. Swisscom also reuses routers where possible. At the new Minergie-P-Eco® business park in Ittigen Ey 10, recycled concrete has been used wherever possible. The business park received the Watt D’Or – an award from the Federal Office for Energy – at the beginning of 2016.

## Soil and biodiversity

The base and transmitter stations ensure that the whole of Switzerland can use telecommunications, radio and TV services. In some cases, these stations are located outside populated areas.

- > **Swisscom Broadcast Ltd transmitter stations:** Five SBC locations are situated in Emerald areas, two locations are on the edge of an Emerald area or on the edge of moorlands. One other location stands in moorlands (protected areas of national significance).
- > **Swisscom Ltd base stations:** 77 mobile radio base stations (prior year: 63) (1.5% of the 5,200 base stations) are located in the protected areas indicated above, two of which are in the Swiss National Park.

Base stations continue to form the backbone of any and all mobile phone networks. When positioning these antennas, Swisscom focuses not only on radio technology aspects, but also on seamless integration into the landscape and townscape as well as efficient utilisation of the available building land. Specifically, the search for a suitable location requires an inspection of the site and complies with an inventory of sensitive locations and buildings (if there any). Apart from the potential visual impact, there have been no negative effects detected from the installations. All base and transmitter stations were approved by the relevant authorities.

Only a few square metres of space have to be sealed for the construction of a mobile network base or transmitter station. A base station has a base footprint of approximately eleven square metres.

When Swisscom dismantles decommissioned transmitter stations, it rehabilitates the ground in accordance with internal guidelines issued by Swisscom Broadcast Ltd. In 2016, Swisscom dismantled one station and rehabilitated the ground affected.

Swisscom supports a number of partners who work to protect the soil and biodiversity. This support takes the form of financial assistance as well as assistance through the personal efforts of Swisscom employees on site during Nature Days. These Nature Days are part of the Corporate-Volunteering-Programme "Give & Grow". In 2016, Swisscom employees clocked up a total of 1,007 volunteer days (prior year: 940) for nature and landscape conservation. Swisscom also provides technical services to support the Swiss National Park. To protect biodiversity, Swisscom established a population of bees (*Apis mellifera*) on the site of its head office in 2016.

### **Other air emissions**

Besides CO<sub>2</sub> emissions, burning fossil fuels for heating and transport also produces NO<sub>x</sub> and SO<sub>2</sub>. These emissions are determined using the relevant conversion factors and depend on the amount of vehicle fuel and heating fuel consumed. Swisscom is reducing NO<sub>x</sub> and SO<sub>2</sub> emissions by continually optimising heating boilers and drive motors. The emissions are listed in the table of environmental performance indicators, on page 36.

## Environmental performance indicators in Switzerland

	Unit	2014	2015	2016
<b>Land/buildings</b>				
Net floor space (NFS)	million of m <sup>2</sup>	0.92	0.92	0.93
<b>Paper consumption</b>				
Total paper consumption	Tonnes	7,449	5,401	5,130
<b>Water/sewage</b>				
Water consumption <sup>1</sup>	m <sup>3</sup>	183,537	183,654	182,451
<b>Energy, electricity</b>				
Electrical energy consumption <sup>2</sup>	Terajoule	1,470	1,563	1,613
	GWh	408	434	448
<b>Energy, heating<sup>3</sup></b>				
Heating oil	Terajoule	122.7	109.4	106.3
Natural gas	Terajoule	26.4	24.4	28.2
District heating	Terajoule	22.9	36.7	39.6
Heating, total	Terajoule	172.0	170.5	174.1
<b>Energy, fuel<sup>4</sup></b>				
Petrol	Terajoule	16.4	15.9	21.6
Diesel fuel	Terajoule	129.8	125.0	116.3
Natural gas	Terajoule	2.9	2.6	1.9
Total fuel	Terajoule	149.1	143.5	139.8
Vehicles	Number	3,377	3,693	3,403
Kilometers driven	million of km	62.7	59.5	60.2
Average carbon dioxide CO <sub>2</sub> emission <sup>5</sup>	g per km	117.0	113.0	109.0
<b>Energy, total</b>				
Energy consumption	Terajoule	1,791	1,877	1,929
	GWh	498	521	536
<b>Air emissions</b>				
Carbon dioxide CO <sub>2</sub> -eq from the consumption of fossil energies <sup>6</sup>	Tonnes	21,380	20,116	19,837
Nitrous gases NO <sub>x</sub> <sup>7</sup>	Tonnes	21.1	19.6	19.3
Sulphur dioxide SO <sub>2</sub> <sup>8</sup>	Tonnes	4.1	3.7	2.8
<b>Waste</b>				
Total amount of waste	Tonnes	3,727	5,117	6,951

<sup>1</sup> The water consumption is extrapolated on the basis of the average rate of 40 litre per FTE per day

<sup>2</sup> Energy conversion: 1 terajoule (TJ) = 0.278 gigawatt hours (GWh).

<sup>3</sup> The heating energy consumption is based on a forecast of monthly measures of the consumption of 61 buildings (with a total floor space of over 45%).

<sup>4</sup> The fuel consumption was adjusted from private use. The km driven, energy consumption and the air emissions were adjusted accordingly.

<sup>5</sup> Average emissions per kilometre refer to manufacturer's indications.

<sup>6</sup> CO<sub>2</sub> emissions from consumption of fossil energies, without district heating and refrigerant fluid. Swisscom published a complete climate report according to ISO 14064.

<sup>7</sup> From Mobitool ([www.mobitool.ch](http://www.mobitool.ch)), car traffic, national 5-200 km, direct use, load 1.25, fuel consumption 6.01 litres per 100 km (2014), 6.00 (2015), 5.9 (2016)

<sup>8</sup> According to publications "Pollutant Emissions from Road Transport, 1990 to 2035, FOEN, update 2010, annex 6, p. 91, 2010" and "Worksheet emissions factors combustion", FOEN, 2005 (in german).

# Work and life

Swisscom supports customers in their efforts to achieve a sustainable way of living and working. This includes offers for mobile working and a health platform. Swisscom is thus committed to promoting a Switzerland that offers room for living.



## Environment, objectives and management approach

Swisscom aims to offer one million people the opportunity to use mobile working models by 2020. It also hopes to gain one million customers for its services in the healthcare sector. As part of its management approach, Swisscom has internal departments and policies in place to review and establish criteria for services and platforms in the healthcare sector and for mobile working.

## Work Smart offers

### Work Smart

Swisscom has a vision for cooperation within the company: All employees work together easily, directly and without barriers – as part of a team and across divisions as well as with external partners. This collaboration takes place not only in the office, but at the locations that are most convenient and conducive for employees and with the right tools for the job – on a flexible time schedule and in line with their needs. The Work Smart solutions offered by Swisscom not only enable employees to work when they want and where they want, they also place the emphasis on the productive exchange of knowledge and information. In this way, the solutions boost the productivity of employees and give them a great deal of freedom in the way they structure their work. A home office, for example, is well suited for tasks requiring a high level of concentration. Finally, Work Smart means that employees can make productive use of their travel and waiting time. It also takes some of the strain off the rail and road networks if they avoid rush hours.

Work Smart enhances individual job satisfaction and improves personal well-being by helping employees strike a good work-life balance. This must of course take due consideration of employment law and the conditions governing collective employment agreements in order to prevent any potentially adverse effects from the increased flexibility. Alongside its flexible work structures and time management models, Swisscom also offers employees the option of purchasing additional holiday time.

An internal Swisscom survey on Work Smart revealed that around 90% of all employees are able to benefit from the flexible working options offered. Around two-thirds of Swisscom employees currently make regular use of mobile working. A comparison with the rest of Switzerland, where about 40% of employees are given the opportunity to “work mobile”, clearly shows that Swisscom is taking a pioneering role in the area of Work Smart. It offers its business customers Work Smart coaching seminars, shares its experience with them and supports them in their development of modern collaboration methods.

## Great potential through mobile working and acyclic commuting

Swisscom is conducting various studies to investigate the benefits of mobile and flexible working and the associated change in corporate culture. During the year under review, Swisscom was involved in two separate studies in its capacity as founding member of the Work Smart initiative. Firstly, it supported a study by the University of Applied Sciences and Arts Northwestern Switzerland FHNW on mobile working in Switzerland.

This FlexWork Study 2016 explains how mobile working and the obstacles facing it in the world of work have changed since 2014. Secondly, Swisscom collaborated with the University of Zurich on putting together the Work Smart Manual, which uses methodologies and case studies to show how Work Smart can be introduced and engrained in companies. It confirms that, of the approximately 4.65 million people in gainful employment in Switzerland, around one quarter used flexible models to their maximum advantage in the reporting year. This stands in contrast to the 2.62 million workers who, due to the nature of their work, infrastructure arrangements or company regulations, were not able or allowed to work flexibly. Around 30% of the total working population would like to be more mobile in their jobs. About 11% of employees could directly benefit from more flexibility, since their work allows it. However, they do not have the necessary technical infrastructure at their disposal, or they do not have the approval of their employer.

Of those who do use mobile working, around 56% use Swisscom broadband connections, i.e. some 984,000 people. In Switzerland, a total of around 64 million work days are completed at a home office each year.

The following services support mobile working:

- > **Conferencing services:** The traditional teleconferencing services. These can now be supplemented with functions such as screen sharing for group presentations.
- > **Managed Communications & Collaboration:** the communications solution that is integrated into the personal workspace and company-internal intranet. It allows for web and videoconferencing, screen sharing and the joint editing of documents, and also includes chat functions and information on the presence status.
- > **Remote Access:** Remote access to the company's network. This service enables employees to work with company documents and data regardless of their location or the time.

## Swisscom is a founding member of the Work Smart initiative

Swisscom co-founded the Work Smart initiative in 2015 and is actively involved in the work done by the organisation as project manager. It shares its experiences with other Swiss companies and aims to contribute to a sustainable Switzerland with its knowledge and in-depth research. This is because it is not only customers and employees who benefit, with more flexibility and quality of life, but also companies, which gain greater productivity. The three goals of the Work Smart initiative are to promote a better balance between work and family life, to integrate additional groups of persons into work processes, and to make intelligent use of resources and infrastructure.

The Work Smart initiative facilitates new ways of working and supports cultural change. To this end, it promotes flexible work irrespective of location and access to knowledge that knows no boundaries, and conducts in-depth research with scientific partners. In the year under review, the Work Smart Initiative along with selected research partners investigated the proliferation of mobile working in Switzerland and offered support services to the nearly 90 signatories of the charter, for example in the form of a Work Smart Manual. Each year, the flexible working initiative organises a Work Smart Week featuring events for companies and signatories of the charter.

## Providing information to and raising the awareness of customers and the wider population

In 2016, Swisscom continued its partnership with WWF Switzerland – and also renewed it during the year. It is now the main sponsor of the WWF “Ratgeber” (advisor) app and the WWF Footprint Calculator. With the advisor app, the WWF and Swisscom are heading in a new direction as “partners for the environment”. A separate menu within the app illustrates Swisscom's commitment to the environment and society and is evidence of Swisscom's aim of promoting a sustainable lifestyle. In the reporting year, the app sent monthly updates pertaining to Swisscom reports promoting a sustainable way of life. The Footprint Calculator is a simple method of calculating your personal ecological footprint and provides users with personalised tips on how to live more sustainably in daily life.

 See  
[www.work-smart-initiative.ch/](http://www.work-smart-initiative.ch/)

 See  
[www.work-smart-initiative.ch](http://www.work-smart-initiative.ch/)

 See  
[www.wwf.ch](http://www.wwf.ch)

## Offers in the healthcare sector

### Digital health for a healthy Switzerland

Swisscom is networking the Swiss healthcare sector by means of secure solutions for the digital exchange of information. For this purpose, it is pursuing three main strategies. Firstly, Swisscom helps service providers such as doctors and hospitals to increase efficiency through digitised medical and administrative processes and secure data communication. Secondly, it is contributing to a sustainable healthcare system. It promotes the standardisation of the exchange of medical data and the expansion of the eHealth infrastructure for a healthy, future-oriented Switzerland. Thirdly, it is offering its customers new technological opportunities for health-conscious living.

### Lower healthcare costs thanks to digitisation

Healthcare costs in Switzerland are spiralling at a seemingly unstoppable rate. According to the Swiss Federal Statistical Office, 11.5% of GDP is spent on healthcare. One reason behind the high cost of healthcare is the lack of extensive digitisation in the Swiss healthcare sector. Experts estimate that around 250 million paper documents are sent every year in the Swiss healthcare sector, whereby faxes and letters are still the standard mode of communication. Herein lies major savings potential – potential that a consulting firm commissioned by Swisscom investigated by studying general practitioners and two hospitals. As the study showed, savings can be made in the referral process from the general practitioner or specialist to the hospital and in the subsequent discharge reports. According to the consulting firm, digitising all these processes would reduce processing costs by around 90%. In Switzerland, this would correspond to over CHF 100 million, while increasing the quality of healthcare at the same time.

### An ambitious goal

Swisscom set the following group goal in the area of Corporate Responsibility: by 2020, Swisscom aims to be supporting one million customers through offers and services in the healthcare sector. The 2016 Annual Report will provide quantitative data on this and illustrate where the most significant progress has been made in the past financial year. Currently, some 3,500 doctors and 200 hospitals use Swisscom services as customers. In addition, several thousand private individuals use Evita, the digital health dossier from Swisscom. Over 50,000 employees use the Healthi platform launched in September 2016 for occupational health management.

Swisscom expanded its customer base in the healthcare sector in 2016. The Principality of Liechtenstein hopes to introduce patient records for its citizens nationwide by 2017. To this end, Verein eHealth Liechtenstein is creating a platform that allows patients to access their personal health data and connects service providers. For the implementation of the project, the organisation is relying on Swisscom Health Connect.

### Healthi – the new online platform

The web-based interactive health platform for employees “Healthi” is part of Swisscom’s social responsibility. Featuring informative articles and useful tips on nutrition, exercise and well-being, the platform helps employees improve their health literacy. Healthi also fosters social interaction within the company, is continually updated by specialists and assists with occupational health management tasks. Healthi thus inspires employees to adopt a healthier way of life and fosters team spirit through an interactive approach.

Swisscom will make Healthi available to all of its employees beginning in 2017. Healthi can be used by companies of all shapes and sizes. Companies that make use of Healthi increase general health and well-being within their business and also receive an anonymised analysis of their employees’ state of health.

### Evita – the online health record facility from Swisscom

The Evita online health dossier from Swisscom provides access to doctor and hospital health data as well as to patients’ own records. All personal medical data and documents of the patient are stored securely in one place and can be accessed online at any time. Swisscom develops solutions to enable patients, service providers and cost bearers to exchange administrative and medical data digitally. The Evita online health dossier and the curaX networking solution make this exchange

possible and reduce costs as well as saving time and resources. In addition, internal and external processes make the exchange of information and data storage efficient and secure.

#### Promoting health among the population

Those who want to lead a healthy life must exercise on a regular basis and participate in popular and mass sporting events. Swisscom subsidiary Datasport makes a significant contribution to ensuring that many of these events run smoothly. Each year, Datasport organises over 300 events in the fields of running, walking, cycling, mountain biking, in-line skating, triathlon/duathlon, cross-country skiing and Alpine skiing. As a one-stop provider, it is responsible for data management, notification procedures, collection, time recording, results services, speaker and information systems and information dissemination. In addition, Swisscom sells wearable accessories for fitness activities via its shops.

## Low-radiation communications technologies

### Advice and information on wireless technologies and the environment

Five trained Swisscom employees provide advice to people who are involved in the construction and operation of mobile networks. They also advise stakeholder groups seeking general information on wireless technologies, the environment and health. During the reporting year, Swisscom held around 170 discussions with key stakeholder groups on the subjects of mobile communications and the environment. These discussions are generally motivated by local projects. This figure comes on the back of some 530 discussions held the year before. The marked decline in the number of discussions is attributable to two main factors: firstly, for resource-related reasons, Swisscom only engages in dialogue for local mobile telecommunications projects on a reactive basis; and, secondly, the controversy surrounding mobile telecommunications and the environment in general has abated.

In order to develop mobile communications in dialogue with local stakeholders and identify new mobile communications sites, Swisscom has worked together with the industry to develop and introduce a voluntary participation procedure which will help to determine new mobile communications sites. Swisscom has already launched this dialogue model in a number of cantons. It also maintains a regular exchange with environmental agencies in order to ensure that environmental regulations for mobile communications are implemented correctly at all times. Thanks to the dialogue model, Swisscom is able to set up mobile communications sites that not only meet its own requirements, but also take into account the needs of local authorities and residents. For example, Swisscom has installed a mobile communications site on top of the fire station in the municipality of Kriens (canton of Lucerne) that is not only well situated to transmit and receive radio signals, but is also well accepted by people living in the surrounding area. In Kerns (canton of Obwalden), after a contract with the site owner ran its course, Swisscom was forced to find a new site for the mobile phone antenna. The local municipality and parish gave Swisscom the green light to erect a mobile phone mast on the church tower.

### Research and development in the area of electromagnetic fields

The operation of wireless networks entails a great deal of responsibility for Swisscom. As a result, Swisscom follows scientific progress in the area of electromagnetic fields and works with internal and external specialists who analyse research findings and support relevant scientific work.

For example, Swisscom cooperates with and financially supports the Swiss Research Foundation for Electricity and Mobile Communication (FSM) based at the Federal Institute of Technology in Zurich. The FSM continually monitors and interprets the latest research published on the effect of electromagnetic fields on organisms and the measurement of emissions.

Based on current knowledge, scientists consider the current limits for electromagnetic fields as safe. Additional information is available in the WHO Fact Sheets No. 193 and No. 304.

### **Certification of the quality assurance system for compliance with ONIR limits**

Swisscom is required to operate a quality assurance system (QAS) for its mobile base stations to ensure that the installations in operation comply with the statutory limits at all times. In recent years, Swisscom has had its QAS certified to the ISO 15504 standard. However, this norm is now being gradually replaced by norm ISO 33002:2015. In the year under review, Swisscom therefore underwent the conversion to ISO norm 33002:2015 for the initial certification of its QA system. An assessment and a monitoring audit of the QAS in accordance with norm ISO 33002:2015 were carried out by an external auditor mandated by Société Générale de Surveillance (SGS) in November 2016. Swisscom passed the audit, scoring a capability level of 3 (good) out of a maximum of 5. This result certifies that Swisscom has taken due account of all relevant processes governing compliance with the applicable limits when operating its mobile base stations.

### **Compliance with ONIR limits**

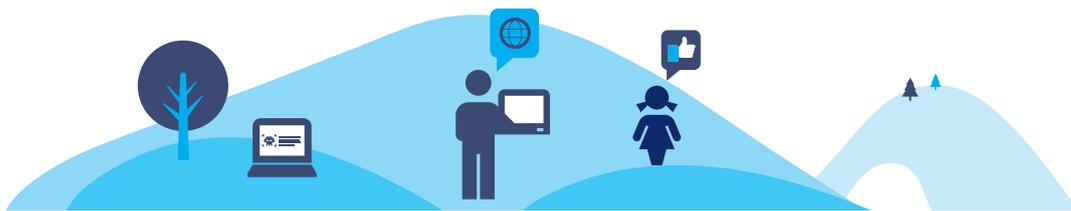
The legal obligation to limit emissions from mobile communication installations in Switzerland is set out in the Ordinance on Protection from Non-Ionising Radiation (ONIR), the aim of which is to protect people against harmful or undesirable non-ionising radiation. The ordinance applies to the operation of fixed installations that emit electrical and magnetic fields with frequencies of between 0 Hz and 300 GHz. The ONIR limits are ten times lower than those in the most other countries. In 2016, Swisscom met all federal legal requirements with respect to the ONIR. The responsible cantonal specialist offices may conduct random and independent checks for compliance with the limits pursuant to the ONIR at any time. Six cantons availed themselves of this opportunity during the year under review. The checks revealed that the inspected installations met the legal requirements. Out of the 29 installations inspected, only five small or formal errors were identified; these were not relevant for the emissions produced by the installations.

### **Duty to provide information on products offered at points of sale**

Prices on all products on display and offered by Swisscom are clearly disclosed as prescribed by the Federal Ordinance on the Disclosure of Prices. This declaration is supplemented by relevant technical information on the products. Customers and other interested parties can also find information on the levels of radiation emitted by mobile handsets (SAR values) at Swisscom points of sale and on the website. There is no legal obligation to provide this information. Instead, Swisscom provides this information to satisfy the customer need of knowing the relevant level of radiation when selecting a device. As at December 2016, all mobile telephones offered by Swisscom comply with the limit of 2 W/kg pursuant to the recommendation made by the WHO; 52% are under 0.8 W/kg (prior year: 75%), and 43% are below 0.6 W/kg (prior year: 41%).

# Media skills and security

Swisscom enables and shapes Switzerland's information society, which everyone in Switzerland should be a part of. Its infrastructure and services allow people to communicate and interact in both the public and private spheres at any time. Furthermore, Swisscom is cognisant of its obligation to alert users of digital media to the risks involved and offer them the necessary support.



## Environment, objectives and management approach

Everyone in Switzerland should have access to the opportunities offered by digital media. Swisscom strives to ensure reliable network access throughout Switzerland. Beyond the applicable technical requirements, it takes the social impact of digital media seriously and is committed to fostering and developing media skills – both as part of its efforts in the area of youth media protection as well as through various initiatives which aim to bridge the “digital divide”.

Swisscom intends to pursue this aim further in 2017 and promote media usage with an emphasis on self-responsibility and moderation, thereby championing a healthy information society that adds value in line with the federal government's strategy. Swisscom is confident that Switzerland as a business location, the Swiss education system and the entire population will continue to benefit from a progressive ICT landscape. The “Digital Switzerland” initiative passed by the Federal Council in April 2016 relates not only to the infrastructure aspects of information and communication technologies, but also to issues of data handling and the development of a healthy information society. These are values shared by Swisscom.

## Data protection

The customer data that Swisscom works with is subject to the Swiss Data Protection Act, Telecommunications Act and various client-specific confidentiality laws. Compliance with data protection laws and the observance of confidentiality are key tasks and concerns for Swisscom. It collects, stores and processes personal data on the basis of the applicable contract provisions, particularly for the provision of services, the handling and maintenance of the customer relationship, for billing, ensuring high service quality, the security of the business operations and its infrastructure, and for marketing purposes. Where legally stipulated, personal data is only processed with the necessary consent of the customer. Customers may at any time object to the processing of their respective personal data and can withdraw their consent. Swisscom raises awareness among all employees who have access to customer data through data protection and confidentiality training and empowers them to rigorously implement the relevant compliance measures.

Moreover, Swisscom has taken technical measures to further improve data protection and confidentiality. It has reviewed and specified all access rights to critical customer data. It has also set up a

system to determine whether access to critical customer data is legitimate. As in the past, Swisscom also aims in the future to continuously develop the technology used for data protection and to optimise the organisational structure, processes and employee training required for this purpose. In bringing in new technologies and in meeting new needs, Swisscom is aware of its responsibility and will continue to exercise the required sensitivity and assume its social responsibility as a companion in the networked world.

Swisscom intends to continue providing its customers with support in the ongoing digitisation of society. Within this realm, it is carrying out smart data projects for third parties, as part of which personal data is not sold; instead, only anonymised data is used to draw up interpretations and analyses. The residential customers affected by this can visit the Customer Centre online or call the hotline to prevent the data that they provided being used in smart data projects.

Swisscom has also established an Ethics Board. This board serves the company in an advisory role and addresses issues relating to process sustainability and integrity as well as digitisation applications.

Finally, Swisscom strives to provide information on issues relevant to data protection in non-technical language and in befitting detail. Part of the Swisscom website is dedicated to this.

  
See  
[www.swisscom.ch/  
data-protection](http://www.swisscom.ch/data-protection)

## Media protection for minors and promoting media skills

### Media protection for minors and guidelines on media content

Digital media present both opportunities and risks for children and young people, although the risks are often ignored. Swisscom is determined not to leave parents to shoulder the responsibility of handling these risks alone. Instead, it supports parents and teachers by providing a wide range of information, resources and offers.

Privacy plays a particularly important role in youth media protection. Children and young people who disclose private or even intimate information on social networks are often unaware of the repercussions this may have. Swisscom thus uses brochures and courses to explain to subscribers and participants the importance of fundamental measures to protect privacy, as well as addressing issues such as bullying, addictive behaviour, password security and how to deal with third-party content.

Furthermore, Swisscom supports the High Principles on Child Protection of the European Telecommunications Network Operators' Association (ETNO).

Under the terms of §197 of the Swiss Federal Penal Code, it is forbidden to show content of a pornographic nature to persons under the age of 16. This applies equally to content providers. Swisscom is also rigorous in its interpretation of the regulations of the Ordinance on Telecommunications Services regarding the blocking of value-added services. For example, it does not offer any adult content on its information portal or in its video-on-demand offering.

Since 2008, the Industry Initiative of the Swiss Association of Telecommunications (asut) for Improved Youth Media Protection and the Promotion of Media Skills in Society has recommended a list of youth media protection measures in addition to the legal requirements which Swisscom has pledged to comply with. The industry initiative was subjected to a thorough review in 2016 and now incorporates the stipulations laid down by the regulator ex ante. For example, companies that have signed up communicate more frequently with their customers about appropriate measures to improve media literacy. The industry initiative strengthens the role of youth media protection officers and is now also monitored by an external unit.

Swisscom goes beyond the legal requirements for youth media protection:

- > Strict interpretation of safeguards when it comes to the indebtedness of customers who are minors
- > No adult content whatsoever is included in the video-on-demand offerings on Swisscom TV or on the information portal
- > Additional channel blocking via PIN on Swisscom TV
- > Providing youth media protection with the "Replay" TV function
- > Providing FSK age-rating recommendations for all video-on-demand films
- > Exceptionally stringent requirements apply to third-party providers of value-added services
- > Intensive direct dialogue by the youth media protection officer in social media and in the press

  
See  
[www.asut.ch](http://www.asut.ch)

  
See  
[www.bluewin.ch](http://www.bluewin.ch)

## Promoting media skills

The measures Swisscom has taken in the area of youth media protection minimise many of the risks that arise when children and young people use media. Swisscom considers the promotion of media skills among children and young people to be the best method of reducing the risks over the long term. It has therefore worked for a number of years to help children and young people use digital media sensibly and in moderation:

- > **Media courses for parents, teaching staff and pupils:** The courses are held on parents' evenings and as part of further training sessions for teachers. The aim of the courses is to raise the participants' awareness of the risks and to make recommendations on the use of media at home and in school. In total, Swisscom held more than 1,000 skills events with almost 30,000 participants throughout Switzerland in 2016. This makes it the largest provider of media courses in Switzerland. In autumn 2016, Swisscom also launched an offering that allows parents to request advice on media usage in their own home. Swisscom Friends, as they are known, have received targeted training to be able to answer questions from concerned parents relating to education and technology directly on site. Swisscom Friends are volunteers and are compensated by customers directly. In view of the impending introduction of "Lehrplan 21" (an initiative to standardise primary school curricula) in German-speaking cantons, it has redesigned its offering for schoolchildren and aligned it to the requirements of a skills-based curriculum. Swisscom is increasingly taking account of the radical change in the media habits of young people in recent years, and has launched targeted offerings for primary through secondary school pupils (third and fourth grades, fifth and sixth grades, and seventh to ninth grades). The initial response from schools and teaching staff has confirmed that Swisscom is on the right track.
- > **The JAMES Study:** The JAMES Study investigates the way in which media is used by young people aged between 12 and 19. In 2016, Swisscom, in cooperation with the Zurich University of Applied Sciences (ZHAW), conducted the fourth nationwide "JAMES Study". The findings from the JAMES Study allow conclusions and measures to be formulated in the fields of science and politics based on reliable, scientific data. With this study, Swisscom is bridging a gap in research that has existed for a long time, particularly as surveys into media usage among young people had not been consistently carried out before 2010. A new round of data collection is planned for 2018.
- > **Media smart:** The advisor platform for parents has been online since 2013. It portrays real families and depicts the pedagogical challenge of getting children and young people interested in sensible media usage. Many families have since shared their personal experiences with privacy, cyber-bullying, game addiction and being media savvy with an ever increasing number of visitors. The platform registered approximately 40,000 visits in 2016. Thus, while it still fell slightly short of expectations, the number of visitors is steadily rising.

See  
[www.swisscom.ch/  
medienkurse](http://www.swisscom.ch/medienkurse)

See  
[www.swisscomfriends.ch](http://www.swisscomfriends.ch)

See  
[www.swisscom.ch/  
james](http://www.swisscom.ch/james)

See  
[www.medienstark.ch](http://www.medienstark.ch)

## Swisscom Academy

The Swisscom Academy has been teaching people how to use mobile devices and the Internet since 2005. Courses are offered on a daily basis at the training centres in Berne, Basel, Lausanne, Lucerne, Geneva and Zurich. The academy also has a mobile presence at additional locations every year. In 2016, over 15,000 people attended courses on how to use modern communications media. Since the launch of the Swisscom Academy, some 300,000 people have attended Swisscom's training courses. The courses are aimed at the general population in Switzerland and are open to customers and non-customers alike. Through the courses, Swisscom is playing an important role in reducing the digital generation gap.

## Further platforms for media skills

The following measures also contribute to a smaller degree to healthy, responsible media usage:

- > **Offerings for customers:** Internet Security, "Natel easy start" subscription for children, activation of PIN to block channels and VOD services on Swisscom TV, promotion of app (Offtime)
- > **Communication and information measures:** Publications in industry magazines ("Educateur", parenting magazine "Fritz und Fränzi", "Bildung Schweiz"), social media presence of youth media protection officer (Twitter, Facebook), media work concerning the "Awareness Day" on 20 May 2016

## “Internet for Schools” initiative

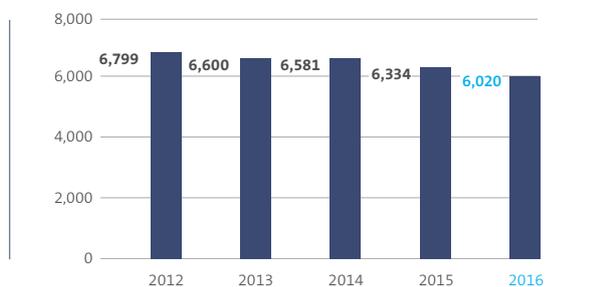
Swisscom has been making a substantial contribution to the Swiss education system since 2002; initially as part of the government’s “Internet for Schools” initiative (2002–2007) and since 2008 through its own “Internet for Schools” initiative and in consultation with the relevant public bodies. The “Internet for Schools” initiative is a response to the increased needs of schools and cantons, which is why the range of services is constantly being expanded. Thanks to its commitment, all primary and secondary schools in Switzerland already benefit from a broadband Internet connection. For some years, the initiative has also been helping nursery schools being integrated into junior schools as part of the intercantonal HARMOS concordat to take their first steps into the digital world. Swisscom aims to work together with schools, cantons and federal offices to create an efficient and sustainable architecture for the future ICT landscape of the Swiss education system. The number of schools benefiting from the “Internet for Schools” initiative declined slightly in 2016 (6,020 schools), as the consolidation of schools in many areas continued – often as a result of mergers between municipalities. However, the demand on the part of schools for broadband Internet rose sharply, and participating schools increasingly took advantage of digitisation opportunities in the classroom during the year under review. The number of pupils and teachers involved in the initiative remained unchanged.

As the cost of a secure, high-performance infrastructure has grown continuously in recent years, by agreement with the cantons, schools are now contributing to the costs of security solutions such as firewalls and content filters on a user-pays basis. For example, the costs per school for security services for a copper-based connection amount to CHF 780 per year, although Internet access is free.

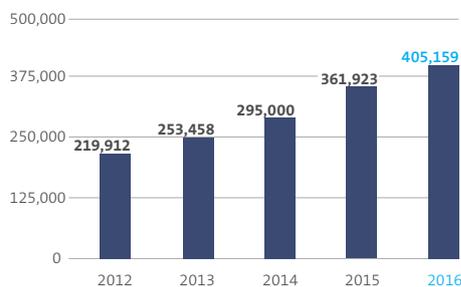
To meet the increasing demands of schools that are not yet benefiting from the expansion of the terrestrial fibre-optic network, the company is now offering schools connections via the mobile network. Like other school connections, these connections can be integrated into the respective education network and its underlying central security solution.

See  
[www.swisscom.ch/sai](http://www.swisscom.ch/sai)

**Internet for Schools** Number of schools



**Courses Academy and promotion of media competency** Number of participants (cumulative)



Swisscom has added various educational institutions to the network over the past few years, enabling it to recognise the needs of schools early on during the ICT integration process. Swisscom cultivates its network through dialogue and events, in particular with the following institutions:

- > Education server educa and the Swiss education server educanet
- > Swiss Conference of Cantonal Ministers of Education (EDK)
- > Swiss Foundation for Audiovisual Teaching Media (SSAB)
- > Swiss Association of Teachers (LCH)
- > Union of French-speaking Teachers (SER)
- > Intercantonal Conference of Public Education (CIIP)
- > Worlddidac Association
- > Teacher training colleges

The Swiss Education Days took place in Berne from 8–10 November 2016. They are the successor event of Didacta, which was previously held in Basel every two years by the Worlddidac Association. The change of location to Berne was made for strategic reasons and is intended to promote the inclusion of Western Switzerland. Swisscom has been a partner of the trade fair since 2006 and provides a platform at the centre of the exhibition grounds within the scope of the Swisscom Arena for presentations, discussions, speeches and shows. The Swisscom Arena is further evidence of the company’s solidarity with the Swiss education system.

## Education Sponsorship Charter

The Association of Swiss Teachers (LCH) used the Swiss Education Days in November to present their charter on the sponsorship, promotion and funding of public education by private providers. The charter was drawn up in cooperation with various stakeholders from the education sector and with representatives from the private sector. It aims to support school directors and teaching staff in evaluating sponsorship services offered by private sector partners. The charter does not deem it appropriate, for instance, if schoolchildren are used as advertising space or if the use of user data is not made transparent or is not in accordance with a canton's legal requirements. Swisscom was one of the first companies to sign this charter. It considers it a legitimate concern to proceed with caution when towing the delicate line between the public sector and private business partners/sponsors. At the same time, it wants to serve as a role model for other companies through the work it does. The visibility of the Swisscom brand should thus primarily boost identification and foster transparency. At no point will Swisscom use data for external purposes that was previously acquired for administration purposes only or within the scope of sponsorship activities. Accordingly, it does not employ aggressive advertising measures in schools.

# Attractive employer

People and their relationships are at the heart of everything we do at Swisscom. Working with its staff is what makes Swisscom successful.



Swisscom operates in a dynamic and ever-changing market. Megatrends such as demographic change, globalisation and increasing digitisation and connectivity are shaping society and the economy and impact Swisscom's business in the long term. Swisscom is thus evolving into an integrated technology provider that develops high-quality communications and IT solutions for its customers and lays the foundation for digitisation through the infrastructure it provides. It is committed to forward-looking human resources management, fostering a motivating performance and development culture and creating a working environment that supports its employees to unlock their potential, develop their skills and improve their individual employability.

Swisscom consistently focuses on meeting customer requirements. It empowers its employees to formulate clear personal contributions geared toward the team, department and corporate goals and to implement these in mixed, cross-divisional teams. At the same time, it never loses sight of its promise to offer customers the best experiences as it helps them find their way in the digital world. Employees play a vital role in delivering on this promise and implementing the corporate strategy. Innovation, operational excellence and customer focus are the keys for remaining competitive over the long term and maintaining the trust of customers in Swisscom, its management and its employees.

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## Environment, objectives and management approach

Group Human Resources is responsible for developing skills, culture and organisations within the company with an eye on future needs, so that Swisscom can position itself as a key player on the market. Its services drive forward the Swisscom strategy.

Within Swisscom, Group Human Resources is responsible for implementing a uniform HR and social policy throughout the company and formulates and promulgates Group-wide standards, guidelines and principles. This unit supports the Group Executive Board and Board of Directors on HR policy matters, such as terms and conditions of employment, salary system and diversity. Moreover, it conducts management development, succession planning and employee development in collaboration with the operating units as part of strategic personnel planning.

Operational human resources management is essentially a matter for the specialist areas and line managers. Clearly defined Group Human Resources teams provide managers with support and advice on all relevant human resources issues from recruitment through to departures. Together with the Rewards & HR Analytics, Leadership, Transformation & Collaboration, Sourcing, Skills & Talents and Employment Relations competence centres, they make sure the individual business divisions fulfil their prescribed remit.

Alongside traditional operational services, Group Human Resources focuses on the key areas of transformation, management, development and performance culture, and strategic workforce management. Together with the divisions, it plans both quantitative and qualitative requirements and defines the framework and key priorities for employees' professional development in order to meet future challenges. In so doing, Group Human Resources establishes a management culture characterised

by trust, appreciation and a healthy focus on performance, while at the same time strengthening the four key skills “entrepreneur”, “networker”, “trainer” and “self-management”.

Group Human Resources is responsible for professional and vocational training throughout the Group, and as such, makes a key contribution to Switzerland as a business location. In its dealings with social partners and employee associations, the unit advocates the interests of the Group as a whole.

Group Human Resources pursues the following objectives:

- > Increase diversity in terms of gender, inclusion, generations and language regions
- > Promote the “Give&Grow” Corporate-Volunteering-Programme as part of Swisscom culture and employee development
- > Support responsible leadership by embedding the Corporate Responsibility strategy at management level and thereby position the company as a pioneer in this area
- > Foster staff employability through a comprehensive support offering
- > Develop and implement a comprehensive system of health management
- > Promote flexible working hours and models under the “Work Smart” umbrella

These objectives are targeted through the initiatives and activities below.

The notes to the “Employees” section relate to pages 56-61 of the Annual Report.

### **Employee satisfaction**

In order to evaluate employee feedback regularly, Swisscom introduced a new employee survey called Pulse in autumn 2016. Employees submit their evaluations with respect to seven questions revolving around their personal work situation. The responses are made available to the respective team in real time. The new survey will be conducted three times a year and will make it possible to respond to feedback immediately. It fosters an open dialogue within the team and a constructive feedback culture – two essential elements to be able to learn from one another and drive the company forward. A total of 66% of employees took part in the first survey.

### **Raising employee awareness in general and in the area of Corporate Responsibility**

Swisscom regularly provides its employees with training on relevant topics, including security, compliance and Corporate Responsibility. Welcome Days sensitise new employees to relevant ecological and social issues. In 2016, several hundred employees took part in the internal ENERGY CHALLENGE, which provided Swisscom in its role as partner of the Swiss Federal Office of Energy with a platform to campaign for sustainable energy usage and explain how easy it is to save energy without infringing on comfort and quality of life. Swisscom employees were called upon to develop ideas on how to improve energy efficiency and submit these to experts for review.

### **Corporate Volunteering**

Corporate Volunteering is the term used to describe voluntary work carried out by employees for charitable causes. Swisscom’s “Give&Grow” Corporate-Volunteering-Programme releases Swisscom employees from their duties to offer their services free of charge to municipalities and associations, while at the same time giving those who take part the opportunity to expand their skills and knowledge. Employees can choose from a wide range of volunteer projects in the areas of the environment (Nature Days), society (Social Days) and education (Economy Days) and dedicate up to two days of their working time to voluntary work each year. In 2016, Swisscom employees clocked up a total of 1,218 volunteer days (prior year: 1,206). Alongside this, Swisscom offers managers targeted volunteering programmes, including some within the scope of talent management. Its aim in doing this is to ingrain the principles of value-based leadership, attentiveness and sustainability in day-to-day managerial life and promote responsible leadership.

### **Bookbridge**

Swisscom offers its employees a wide range of opportunities for professional and personal development. An example is the Bookbridge programme, which forms part of the talent management offering. Working in interdisciplinary teams, participants from various cultural backgrounds

help set up learning centres for children and young people in Cambodia or Mongolia. This experience strengthens employees' entrepreneurial skills, nurtures their appreciation and understanding of other cultures, and helps them learn – often in unfamiliar conditions – how to develop and implement innovative business models. To date, 20 Swisscom employees have participated in efforts to set up four of these learning centres. Through its involvement in the programme, Swisscom is making a contribution to the future of children and young people in disadvantaged regions.

## Health and safety in the workplace

### Employee health

At 3.1%, the absence rate for 2016 was higher than the previous year. While the number of absences remained more or less constant between 2014 and 2016, the absences themselves are lasting longer. In 2016, this increase seems to be partly attributable to operational changes and demographic trends, as well as the fact that the absence rate as a result of non-occupational accidents rose by around 6% between 2014 and 2016. Nevertheless, compared to other companies the absence rate is still within the target range. Swisscom plans to turn this slightly upward trend around in 2017 and bring the absence rate back down to 2.8% if possible.

Swisscom makes targeted investments in Occupational Health Management (OHM) initiatives and programmes, thereby taking an active role in helping its employees stay healthy and motivated in the long term. Swisscom's main area of focus is prevention and early detection, including in matters relating to physical health at the workplace – an area where, as an employer, it can make the greatest impact. Specifically, OHM offers health checks for members of management and employees with so-called time autonomy in order to detect health problems at an early stage. The service is geared toward prevention and is provided in part in cooperation with competent partners such as SUVA (risks in free time) and SBB (quitting smoking). Internally, the Leadership Academy provides a health offering for managers, while Swisscom also organises campaigns several times a year featuring attractive special offers in the health arena. OHM is breaking new ground in the way it addresses prevention issues by testing out new formats, for example, by launching podcasts and webinars on physical health. New offerings such as hypnosis treatments and smoking cessation are also included.

Swisscom runs an advisory centre (Care Gate) to answer questions relating to health and social issues and function as a point of contact in relation to employability. Employees and managers can receive professional and confidential advice from Care Gate via telephone, email, videoconference and chat.

Swisscom actively supports the Compasso organisation as a member and sponsor. Compasso focuses on providing employers with information on how to deal with people with health problems. The organisation is widely supported and is sponsored by the Swiss Employers' Association.

### Promoting integration

Swisscom builds on the individual strengths and skills that each employee possesses. If employees are affected by health issues that impair their work performance, Swisscom is committed to keeping them integrated in the work process or offering them continued meaningful employment. In order to promote inclusion, Swisscom reserves at least one percent of jobs for employees with physical or mental impairments insofar as these positions contribute to Swisscom's success. In so doing, Swisscom fosters the integration of the persons in question into the workforce. With respect to the opportunities offered and the potential accorded to the individual, Swisscom does not differentiate between employees with physical or mental impairments and those who are not impaired.

### Occupational safety

As set out in the collective employment agreement (CEA), Swisscom respects and protects its employees. Under the overarching term "safety", which includes occupational health and safety, Swisscom maintains a process-oriented management system. Safety is a part of the occupational health management system, which ranges from a strategy for handling health risks at the workplace to the promotion of health and safety during non-working hours. Swisscom implements the statutory

regulations consistently, thus protecting the health and integrity of its internal staff as well as external employees hired by its contractual partners.

Swisscom (Switzerland) Ltd has a safety-related operational group solution that focuses on work areas with an elevated risk potential. It was approved by FCOS (Federal Coordination Commission for Occupational Safety) on 8 July 2016 (valid until: 31 March 2021).

Swisscom fully implements codetermination rights. In doing so, the CEA grants the employee representative committees a right to be informed in terms of ergonomics (design of workstations and working environment), health protection and health care. The employee representative committees and social partners also have a right of consultation with regard to the prevention of work-related accidents and occupational illnesses and safety. Various Swisscom committees coordinate and organise training courses, initiatives and measures aimed at promoting safety and health protection in the workplace.

The risk of work-related accidents has declined over the past ten years. In the tertiary sector “trade and services”, the frequency of accidents has remained relatively stable and currently stands at 50 per 1,000 full-time employees. By comparison, Swisscom has a rate of 16 accidents per 1,000 full-time employees, which underlines that Swisscom manages its occupational safety in a serious and conscientious manner. Around 30% of the work-related accidents at Swisscom occur at cabled, which is involved in the areas of network construction, radio networks and in-house installation. However, in comparison with other companies in the electrical network construction/electrical installations sector, cabled’ accident frequency falls within the average range.

Number respectively as indicated	2014			2015			2016		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<b>Sickness and accidents (S+A)</b>									
Regular working days	3,183,404	1,162,790	<b>4,346,194</b>	3,314,564	1,193,573	<b>4,508,137</b>	3,386,048	1,136,883	<b>4,522,931</b>
Days lost due to sickness (w/o work-related sickness)	59,918	42,568	<b>102,486</b>	65,081	45,451	<b>110,532</b>	70,686	48,164	<b>118,850</b>
Days lost due to work-related sickness	28		<b>28</b>	57		<b>57</b>			<b>-</b>
Days lost due to work-related accidents	3,012	242	<b>3,254</b>	2,143	298	<b>2,441</b>	2,867	292	<b>3,159</b>
Days lost due to non-work-related accidents	11,347	4,142	<b>15,489</b>	11,212	5,125	<b>16,337</b>	12,871	3,632	<b>16,503</b>
<b>Days lost total (S+A)</b>	<b>74,305</b>	<b>46,951</b>	<b>121,256</b>	<b>78,493</b>	<b>50,874</b>	<b>129,637</b>	<b>86,424</b>	<b>52,088</b>	<b>138,512</b>
Number of cases of sickness	14,951	9,419	<b>24,370</b>	16,815	10,101	<b>26,916</b>	17,236	9,841	<b>27,077</b>
Work-related accidents	243	44	<b>287</b>	252	62	<b>314</b>	238	36	<b>274</b>
Number of non-work-related accidents	1,879	623	<b>2,502</b>	1,941	683	<b>2,624</b>	1,933	634	<b>2,567</b>
<b>Total cases<sup>1</sup></b>	<b>17,073</b>	<b>10,086</b>	<b>27,159</b>	<b>19,008</b>	<b>10,846</b>	<b>29,854</b>	<b>19,407</b>	<b>10,511</b>	<b>29,918</b>
Share of days lost due to sickness (w/o work-related sickness)	1.88%	3.66%	<b>2.36%</b>	1.97%	3.81%	<b>2.46%</b>	2.09%	4.24%	<b>2.63%</b>
Share of days lost due to work-related sickness	0.0009%		<b>0.0007%</b>	0.0020%		<b>0.0010%</b>			<b>-</b>
Number of work-related accidents	0.09%	0.02%	<b>0.08%</b>	0.06%	0.03%	<b>0.05%</b>	0.08%	0.03%	<b>0.07%</b>
Share of days lost due to non-work-related accidents	0.36%	0.36%	<b>0.36%</b>	0.34%	0.43%	<b>0.36%</b>	0.38%	0.32%	<b>0.36%</b>
<b>Share of days lost total (S+A) in %</b>	<b>2.33%</b>	<b>4.04%</b>	<b>2.80%</b>	<b>2.37%</b>	<b>4.27%</b>	<b>2.88%</b>	<b>2.56%</b>	<b>4.58%</b>	<b>3.07%</b>
Work-related deaths	1 <sup>2</sup>		<b>1<sup>2</sup></b>	-		<b>-</b>			<b>-</b>
Net presence in FTE	129,002	45,680	<b>174,682</b>	132,514	46,434	<b>178,948</b>	135,645	43,888	<b>179,533</b>
Total productive hours performed	21,708,650	7,742,911	<b>29,452,423</b>	22,475,000	7,911,034	<b>30,386,034</b>	23,063,332	7,490,400	<b>30,554,722</b>
Productive time per FTE in hours	1,724	1,695	<b>1,716</b>	1,728	1,696	<b>1,719</b>	1,738	1,687	<b>1,725</b>

<sup>1</sup> Failure of working time which generates medical costs

<sup>2</sup> Car accident on the way to work

## Move! and the Swisscom Games

Move! is a programme that promotes activities in the areas of health, sport and culture, such as running, skiing, climbing, pilates, back callisthenics and yoga as well as elocution, cooking and stress management lessons. Employees can become Move! coaches and take part in an activity. Activities are conducted during the employees' free time. Move! broadens participants' horizons and brings employees from different areas of the company together. In 2016, 152 Move! coaches offered and supervised more than 367 activities.

The Swisscom Games are a biennial event. Employees can sign up for a team or an individual activity in the fields of sport, culture and social events. The most recent Swisscom Games were held in nine regions from January to May 2015 and rounded off by the main event in Tenero at the end of June. A total of over 5,000 employees took part in the ten events, giving rise to a grand total of over 8,000 individual event participations. The Swisscom Games are a key networking opportunity for employees and an important part of the corporate culture. The next Swisscom Games will be held in 2017 in a scaled-down version and as a one-off event in Tenero.

## Diversity

### Living and promoting diversity

Swisscom values the diversity of its employees and is committed to their development. It is the different perspectives, experiences, ideas and skills offered by each individual that make Swisscom the successful and innovative company it is. A working environment that places the emphasis on people and their relationships and fosters a culture of mutual respect and trust with its customers is the cornerstone of collaboration at Swisscom. The activities described below are aimed at promoting diversity in terms of gender, inclusion, generations and language regions.

### Reconciling career and family: various models to promote a healthy work-life balance

Swisscom is a sponsor of the Work Smart initiative. With that in mind, it offers its employees a wide range of flexible working models such as part-time positions, job-sharing and mobile working – for example, from a home office or on the go – as well as the option of purchasing additional holiday time. This allows employees to strike a balance between their personal needs and their professional commitments and motivates them to develop and harness their individual potential. Swisscom supports parents with financial contributions to childcare in certain situations. The Work & Care offering is geared specifically to employees who are designated caregivers for family members. Consistent with its commitment to diversity, Swisscom has set itself the medium-term goal of increasing the percentage of women in management to 20%. To help it reach that goal, Swisscom is involved in the Women Back to Business programme run by the University of St. Gallen, an initiative designed to make it easier for women to re-enter the workforce. The programme also aims to exploit the special expertise exhibited by women, who alongside their technical qualifications possess heightened communication, conflict management and organisational skills and thus are particularly well equipped to meet the requirements placed on them in terms of flexibility and agility. Swisscom also piloted the “Teilzeitmann” (part-time man) initiative in 2016 which saw male employees work part-time on a temporary basis, helping break down prejudices and increase the acceptance of part-time work. Workshops on the topic of job-sharing achieved a similar result. These measures combined also help boost employee satisfaction.

### Generations

The people who work at Swisscom come from all age groups, ranging from young professionals beginning their careers to seasoned professionals about to retire. Cooperation and exchange between generations enable Swisscom to develop products and services that meet the varying needs of its customers.

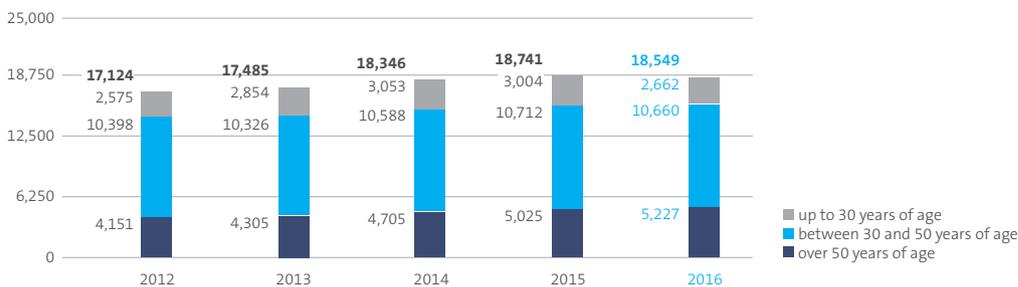
Employees take part in training courses and further education programmes irrespective of their age. A part-time retirement model developed especially for older employees permits a phased-out exit from professional life.

Swisscom has been a member of the Swiss Demographics Forum since 2011. Currently comprising 14 organisations from the fields of education, finance and services, the forum collects information and draws up basic principles in order to establish sustainable demographic management. Its members have developed a variety of practical solutions that could be put to good use by the participating companies.

### Nationality and language

Employees from around 92 nations work together to contribute to Swisscom's success. They do this at multiple locations in all regions of Switzerland and in a wide variety of national languages. In addition, Swisscom prefers to employ people who live in the area where they work and are thus accustomed to their customers' traditions and practices.

Age structure of employees in headcount (HC)



### Staff development

Swisscom perceives it as a vital part of its management remit to give employees the freedom they need to grow and develop. As a pioneer in the field of digitisation in Switzerland, Swisscom is dedicated to getting to grips with the working and learning models of the future so as to provide employees and management with an environment in which they can develop and test these new skills. This includes, for example, digital squads – virtual, mixed teams that use flexible methods to perform interdisciplinary tasks – as well as the holacracy pilot project in individual divisions – an organisational model that, by applying standardised rules, strengthens employees' task-specific powers and authorities and at the same paves the way for particularly efficient decision-making processes.

All employees have a variety of e-learning models at their disposal in the Learning Centre, featuring different types of courses ranging from management topics and specialist subjects (for example, the IT cloud and business economics) all the way to overarching issues such as security, digitisation and governance. In 2016, Swisscom thus established a learning environment that incorporates digitisation both in the way the educational offering is structured and disseminated as well as in terms of its content. Besides basic ICT knowledge, Swisscom also developed a wide range of role-specific learning content, including social media for sales and data centre strategies, which it incorporated into the Learning Centre. In agreement with line managers, all employees have the opportunity to attend internal and external training programmes. Swisscom supports the efforts of its staff to develop their skills and talents. At the same time, it relies both on the personal initiative of individual employees to research and explore appropriate development measures, as well as on the services provided by Talent Management. Here, too, however, the onus now also falls on the employee: they, and not their line manager, are responsible for putting themselves forward for the talent programmes they want to attend, although they are of course supported in their application by their line manager. This process has proven successful, and Swisscom now manages to fill most vacant positions with internal staff.

Through these measures, Swisscom makes a valuable contribution to promoting the employability of its staff and improving the competitiveness of the company itself. It also ensures that the

organisations within the company adapt quickly and dynamically to the ongoing changes within their fields of activity.

A changing working environment meant that employees had less time for topics such as training. Another explanation for this decrease is that training days taken outside normal working hours are no longer documented in the personnel information system.

### **Work Smart @ Swisscom**

Since Work Smart requires a change in working culture, Swisscom held an internal Work Smart week for all employees in the year under review, featuring workshops and events related to the topic. It has also initiated various measures to strengthen employees' awareness and adaptability (or resilience) in connection with Work Smart.

By signing the Work Smart Initiative, Swisscom has pledged to foster new and mobile working models, flexible working irrespective of location and access to knowledge that knows no boundaries. Accordingly, it supports its employees in their efforts to strike an appropriate balance between their work and private lives. In addition, Swisscom is committed to integrating employees with physical or mental impairments into the work process and making even more sustainable basic use of resources and infrastructure. As part of the initiative, Swisscom shares its experiences with other companies and aims to contribute to a modern, sustainable Switzerland with its knowledge. Thanks to Work Smart, it is not only employees who benefit, with more flexibility and quality of life, but also companies, which gain greater productivity. See the section "Work and life" on page 37 for more information.

### **Development and performance dialogue: performance management**

To assess and promote employee performance and development, Swisscom will continue to develop its Performance Management System in line with requirements. Performance evaluations are held on the basis of binding contribution agreements, which are to be discussed openly within the respective teams as of 2017. Dialogue with the employee's internal customers supplements the regular dialogue between employees and managers. This supports employees in meeting their agreed contributions over the course of the year.

The Leadership Academy offers managers in both personnel and technical leadership roles the opportunity to get to grips with the key skills required by a management function in a changing environment. Offerings tailored to individual employees and group and context-specific platforms aimed at further improving management skills build up the competences of Swisscom's managers in a systematic and sustained way.

## **Staff recruitment**

### **New hires**

Swisscom is committed to the internal job market and makes targeted investments in the ongoing, skills-based development of its staff. In the majority of cases, it first advertises available vacancies internally or tries to fill open positions with candidates from talent development programmes. When recruiting new employees, Swisscom seeks out individuals who are motivated and passionate about helping customers and who want to help shape the future of the networked world. At all company locations in Switzerland, Swisscom primarily endeavours to employ people who live in the area where they work and are thus accustomed to their customers' traditions and practices.

### **Student interns and trainees**

Swisscom is in close contact with Swiss universities, colleges and universities of applied sciences. By virtue of this process, it is in constant dialogue with researchers and developers in the field of the digitisation of Switzerland and acquires talented, highly motivated university graduates as employees. Participation in recruitment fairs and other forms of collaboration – for example, within the context

of research projects or guest lectures – allow students to get to know Swisscom and the work it does and gain their first professional experience during their studies within the context of a practice-based Bachelor's or Master's thesis or an internship.

Once they have successfully completed their studies, graduates can take their first step on the career ladder at Swisscom through the trainee programme, a college internship or by direct appointment to a junior position. 80% of those who took part in the trainee programme during the year under review were women. This confirms the trend seen in recent years, in which Swisscom has recruited around 50% women. In addition, 97 people began internships at Swisscom in the last twelve months.

### Vocational training

In August 2016, 280 young professionals completed their apprenticeship at Swisscom in seven different career paths. It was gratifying that the best individual practical thesis in an ICT subject was submitted by a Swisscom apprentice for the second year in succession. Swisscom immediately hired about half of the 124 ICT apprentices who graduated at the end of July 2016.

Also in August 2016, 325 young people began their apprenticeships with Swisscom, of which 153 were in ICT jobs in mediamatics and IT. New training programmes in interactive media design have been introduced by Swisscom to help meet the high demand in this field. 2016 saw five interactive media designers begin their apprenticeship at Swisscom for the first time.

At the end of 2016, there were around 940 apprentices working at Swisscom, with 855 in technical and commercial apprenticeships at Swisscom itself as well as an additional 81 apprentices at its subsidiary cablex. The Swisscom training model is geared towards independence and personal responsibility. Apprentices take an active role in devising their training by applying for a new practical assignment within the company every three to four months, during which they can acquire additional competences.

### Staff recruitment outside of Switzerland

As a Swiss company, Swisscom is committed to the Swiss employment market. When recruiting IT specialists, however, Swisscom is required to maintain a presence on the European job market. This applies in particular to its recruitment of cross-border commuters or to its activities in French-speaking Switzerland. Swisscom is prepared to work together with both domestic and international recruitment partners where required, on the condition that they satisfy Swisscom's internal specifications. These specifications encompass collaboration, local job placement legislation, employment law and sustainability.

### Equal pay

Swisscom aims to pay fair salaries in line with the market and ensure equal pay for men and women. The company's salary system is structured in such a way as to award equal pay for equivalent duties, responsibilities and performance. To this end, the individual functions are assigned to job levels according to their requirements. A salary band is assigned to each job level in line with the market salary. The salary band stipulates the remuneration range for equivalent duties and responsibility. Pay is determined within this range based on the individual employee's performance. As part of its salary review, Swisscom grants employees who have performed better and are lower within the respective salary band an above-average pay rise. In this way, any wage disparities are evened out on an ongoing basis. When conducting the salary review, Swisscom also checks whether there are any pay inequalities between men and women within individual organisational units and corrects them in a targeted manner.

Swisscom also uses the federal government's equal pay tool (Logib) to conduct periodic reviews of its salary structure, in order to ascertain whether disparities exist between men's and women's pay. Previous reviews (most recently in 2016) have revealed only minor pay discrepancies, well under the tolerance threshold of 5%.

## The protection of human rights within the Swisscom Group

The protection of human rights is an integral part of Swisscom's corporate culture. There is no or only very little risk of human rights being breached within the Swisscom Group. Swisscom employs more than 18,372 FTEs in Switzerland and 2,468 FTEs in Italy, with no human rights risks having been identified at these locations. A further 287 FTEs work outside of Switzerland and Italy – predominantly in the EU or OECD countries – and here, too, there is no or only very little risk. Swisscom does not employ any staff in the "risk countries" listed by the rating agencies (e.g. Romania, Malaysia and South Africa). Moreover, Swisscom employees working outside of Switzerland and Italy only render services, i.e. they are not employed in production. Swisscom therefore considers there to be no need for an internal Group management system for risks concerning human rights infringements.

Swisscom is aware that there are risks of human rights being breached by suppliers and has therefore set up a risk management system for its suppliers.

Swisscom also applies a purchasing policy based on the SA 8000 standard, which places clear demands on its suppliers as regards the protection of human rights.

## Social insurance and fringe benefits

### Pension fund: comPlan

At the end of 2016, around 19,300 Swisscom employees and some 7,200 pensioners were insured under comPlan. In 2016, comPlan posted a net return on plan assets of approximately -0.6% (prior year: 0.6%). On 31 December 2016, the market value of plan assets amounted to CHF 9.9 billion (prior year: CHF 9.4 billion). In accordance with Swiss accounting standards for pension funds, the coverage ratio is around 101% (prior year: 108%).

In order to safeguard the financial situation of the pension fund in a low interest rate environment and in a society characterised by rising life expectancy, the Board of Trustees of comPlan decided in autumn 2016 to, starting in July 2017, gradually lower the conversion rate from 6.11% to 5.34% in September 2020 and to increase savings contributions. comPlan and Swisscom initiated a range of mitigating measures to make the changes as socially responsible as possible.

The conversion rate will thus be decreased in monthly increments of 0.02% over this period. In addition, Swisscom in its capacity as employer will assume a premium of 1.4% within the context of the savings contribution increase for employees aged 22 to 54, while employees themselves will only have to pay a premium of 1.1% of their insured salary. Furthermore, employees born between 1952 and 1969 will receive an extra contribution financed by comPlan and Swisscom in order to limit the pension reductions to no more than 6% of their current value. Finally, Swisscom is raising the conversion loss contribution from 0.7% to 1.2% of insured salary. This will prevent any further reduction in the conversion rate to less than 5%.

### Fringe benefits

All Swisscom employees enjoy fringe benefits in the form of a personal allowance on Swisscom subscriptions, including fixed network, Internet and mobile services, and a Swiss Federal Railways (SBB) half-fare travelcard. These fringe benefits are offered irrespective of function or whether the employee works full time or part time. Apprentices also receive an allowance for learning materials. Swisscom also supports external childcare facilities through financial contributions and by providing access to free counselling services through the familienservice® family service. It also pays the employer's pension fund contribution for unpaid leave for a maximum of three months.

Swisscom offers employees 17 weeks of maternity leave and ten days of paternity leave on the birth of a child. Parents who adopt a child are also entitled to ten days of adoption leave.

### Supplementary regulations governing management staff

Members of management have the opportunity to take partly paid leave (sabbatical) of up to three months, depending on their length of service in management. Swisscom pays their salary for 30 working days. Members of management are also exempted from the obligation to pay a

contribution to the collective insurances for illness and accident as well as management staff risk insurance in the event of death.

## Employees in figures

The following table shows the various key personnel figures for the years 2014 to 2016 in accordance with the GRI requirements, version 4, broken down by gender. The figures relate to staff employed in Switzerland. Shareholdings outside of Switzerland were not taken into consideration.

### Change in headcount

The number of employees in Switzerland fell to 18,372 FTEs in 2016 (–3.1% compared with 2015) and comprises 27% women and 73% men; there was a 1.5 percentage point decrease in the proportion of women.

The percentage of women in management is 12.3% (measured in terms of headcount).

The age pyramid has changed slightly in recent years. Demographic ageing in Switzerland has increased, while the proportion of employees aged over 50 at Swisscom has also risen in the last ten years.

Number respectively as indicated	2014			2015			2016		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<b>Total workforce in Switzerland</b>									
Average workforce FTE			<b>18,035</b>			<b>18,817</b>			<b>18,750</b>
Workforce end of year FTE			<b>18,272</b>			<b>18,965</b>			<b>18,372</b>
<b>Reporting limit in Switzerland according to the personnel information system</b>									
<b>Coverage report limit</b>			<b>95%</b>			<b>93%</b>			<b>95%</b>
<b>Average workforce FTE</b>	12,595	4,570	<b>17,165</b>	13,010	4,666	<b>17,676</b>	13,273	4,439	<b>17,712</b>
<b>Employees in FTE per end of decembre in headcount (HC)</b>	12,727	4,633	<b>17,360</b>	13,174	4,636	<b>17,810</b>	13,273	4,291	<b>17,563</b>
Temporary employee (HC)	13,003	5,345	<b>18,348</b>	13,437	5,304	<b>18,741</b>	13,579	4,970	<b>18,549</b>
Fixed-term contracts of employment (HC)	1,163	402	<b>1,565</b>	1,094	385	<b>1,479</b>	1,121	387	<b>1,508</b>
Permanent contracts of employment (HC)	43	37	<b>80</b>	27	27	<b>54</b>	48	18	<b>66</b>
Gender proportion (HC)	12,960	5,308	<b>18,268</b>	13,410	5,277	<b>18,687</b>	13,531	4,952	<b>18,483</b>
Full-time employment	70.9%	29.1%	<b>100.0%</b>	71.7%	28.3%	<b>100.0%</b>	73.2%	26.8%	<b>100.0%</b>
Part-time employment	11,787	3,128	<b>14,915</b>	12,147	3,069	<b>15,216</b>	12,121	2,796	<b>14,917</b>
Rate full time employees (HC)	1,216	2,217	<b>3,433</b>	1,290	2,235	<b>3,525</b>	1,458	2,174	<b>3,632</b>
Rate part time employees (HC)	90.6%	58.5%	<b>81.3%</b>	90.4%	57.9%	<b>81.2%</b>	89.3%	56.3%	<b>80.4%</b>
Rate collective labour agreement (CEA) to total workforce	9.4%	41.5%	<b>18.7%</b>	9.6%	42.1%	<b>18.8%</b>	10.7%	43.7%	<b>19.6%</b>
Employees in collective employment agreement (CEA)	10,525	5,002	<b>15,527</b>	10,746	4,943	<b>15,689</b>	10,811	4,581	<b>15,392</b>
Rate collective labour agreement (CEA) to total workforce	80.9%	93.6%	<b>84.6%</b>	80.0%	93.2%	<b>83.7%</b>	79.6%	92.2%	<b>83.0%</b>
Top Management	92	8	<b>100</b>	88	7	<b>95</b>	82	8	<b>90</b>
Management (HC)	2,338	307	<b>2,645</b>	2,581	327	<b>2,908</b>	2,686	381	<b>3,067</b>
Rate of employees within Management (HC)	87.2%	12.8%	<b>100.0%</b>	88.9%	11.1%	<b>100.0%</b>	87.7%	12.3%	<b>100.0%</b>

Number respectively as indicated	2014			2015			2016		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<b>Fluctuation in Switzerland</b>									
Average age	42.8	39.9	<b>42.0</b>	43.0	40.0	<b>42.2</b>	43.4	40.4	<b>42.6</b>
Leavings <sup>1</sup>	1,008	485	<b>1,493</b>	1,016	478	<b>1,494</b>	1,094	569	<b>1,663</b>
Leavings < 30yrs. old <sup>1</sup>	227	180	<b>407</b>	239	177	<b>416</b>	214	175	<b>389</b>
Leavings 30 – 50 yrs. old <sup>1</sup>	567	233	<b>800</b>	558	210	<b>768</b>	584	266	<b>850</b>
Leavings > 50yrs. old <sup>1</sup>	214	72	<b>286</b>	218	91	<b>309</b>	296	128	<b>424</b>
Rate of Leavings < 30 yrs. old	22.5%	37.1%	<b>27.3%</b>	23.6%	37.1%	<b>27.9%</b>	19.6%	30.8%	<b>23.4%</b>
Rate of Leavings 30 – 50 yrs. old	56.3%	48.1%	<b>53.5%</b>	54.9%	44.0%	<b>51.4%</b>	53.4%	46.7%	<b>51.1%</b>
Rate of Leavings > 50 yrs. old	21.2%	14.8%	<b>19.2%</b>	21.5%	18.9%	<b>20.7%</b>	27.1%	22.5%	<b>25.5%</b>
Enterings <sup>1</sup>	1,507	723	<b>2,230</b>	1,491	498	<b>1,989</b>	1,245	323	<b>1,568</b>
Enterings < 30yrs. old <sup>1</sup>	572	373	<b>945</b>	500	280	<b>780</b>	356	171	<b>527</b>
Enterings 30 – 50 yrs. old <sup>1</sup>	804	290	<b>1,094</b>	859	200	<b>1,059</b>	783	140	<b>923</b>
Enterings > 50yrs. old <sup>1</sup>	101	27	<b>128</b>	132	18	<b>150</b>	106	12	<b>118</b>
Rate of Enterings < 30 yrs. old	38.0%	51.6%	<b>42.4%</b>	33.5%	56.2%	<b>39.2%</b>	28.6%	52.9%	<b>33.6%</b>
Rate of Enterings 30 – 50 yrs. old	53.4%	40.1%	<b>49.1%</b>	57.6%	40.2%	<b>53.2%</b>	62.9%	43.3%	<b>58.9%</b>
Rate of Enterings > 50 yrs. old	8.7%	8.3%	<b>8.6%</b>	8.9%	3.6%	<b>7.5%</b>	8.5%	3.7%	<b>7.5%</b>
<b>Further KPI</b>									
Education and training days			<b>68,831</b>			<b>68,464</b>			<b>53,979</b>
Number of days training and education per employee (headcount)			<b>3.8</b>			<b>3.9</b>			<b>2.9</b>
Maternity and paternity leave	439	217	<b>656</b>	522	240	<b>762</b>	544	290	<b>834</b>
Total CEO compensation in kCHF			<b>1,773</b>			<b>1,832</b>			<b>1,833</b>
Median salary in kCHF			<b>126</b>			<b>129</b>			<b>131</b>
Ratio CEO compensation / median salary			<b>14</b>			<b>14</b>			<b>14</b>
Variation of CEO compensation			<b>3.5%</b>			<b>3.3%</b>			<b>0.1%</b>
Variation of median salary			<b>0.2%</b>			<b>2.3%</b>			<b>1.5%</b>
Minimum full time salary in kCHF according to the CEA	52	52	<b>52</b>	52	52	<b>52</b>	52	52	<b>52</b>
Performance Dialogues <sup>2</sup>	97.1%	95.6%	<b>96.7%</b>	91.8%	97.2%	<b>93.2%</b>	96.2%	97.7%	<b>96.6%</b>

<sup>1</sup> without fixed-term contracts of employment

<sup>2</sup> without apprentices

# Fair supply chain

Swisscom's partners supply the company with goods and services worth approximately CHF 4.8 billion a year. Swisscom is committed to fair and efficient partnerships with suppliers who share its social and environmental objectives. Swisscom works together with its suppliers to protect the environment and is aiming to improve the working conditions of more than two million people by 2020. To this end, Swisscom has entered into international partnerships which ensure that measures are implemented in close collaboration with suppliers.



## Environment, objectives and management approach

  
See  
[www.swisscom.ch/  
suppliers](http://www.swisscom.ch/suppliers)

Swisscom is committed to improving the working conditions of its suppliers' employees and to ensuring compliance in the supply chain with social and environmental standards. It expects its direct suppliers and their sub-suppliers to commit to acting in a sustainable manner.

The principles that Swisscom observes are stipulated in its purchasing policy, which is defined by an overarching committee, the Swisscom Purchasing Board. The purchasing policy sets out the principles and procedures to be followed by the procurement organisations and stipulates the requirements that suppliers accept by signing the CR Contract Annex (CRCA). Swisscom uses a structured risk management system to review suppliers' compliance with the requirements. This system was expanded conceptually in 2016 and implemented in the purchasing organisation, and covers all risk areas along the supply chain.

  
See  
[www.swisscom.ch/  
GRI-2016](http://www.swisscom.ch/GRI-2016)

With a score of 96 out of 100 in the supply chain rating of the Dow Jones Sustainability Index (prior year: 93) and inclusion on the CDP Supplier A List, Swisscom once again ranks among the best telecoms companies.

## Supplier risk management

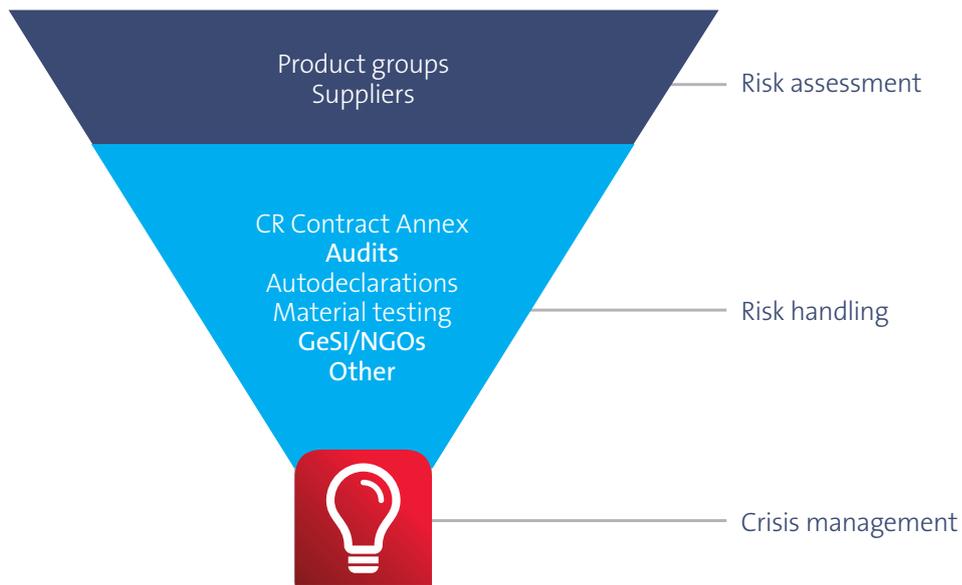
### Risk management system

Supply Chain Risk Management (SCRM 360), which was implemented in stages in 2015, was solidified during the year under review. The comprehensive SCRM 360 approach will enable Swisscom to reduce the risks it is exposed to not only in terms of the environment and society, but also in terms of finances, security, logistics and quality. Swisscom continuously checks external data sources using individual, weighted score cards (featuring more than 50 risk indicators). If a top 100 supplier, strategic supplier or critical supplier and numerous upstream suppliers breach a pre-defined threshold, the purchasing organisation is automatically notified. The top 100 suppliers are selected based on the following criteria: purchase volume, strategic importance and risk profile of the product group.

Swisscom reviews and reclassifies product groups from the perspective of Corporate Responsibility. It decided to maintain the current risk structure and has completed a new critical revision of the list of suppliers in high-risk product groups. Of these, all of the major suppliers are already registered on the e-tasc platform from EcoVadis. For potential supply partners and invitations to tender, Swisscom continues to use the implemented process, which was revised in 2016. In addition, the new SRN (Supply Risk Network) platform will enable a first estimate of a supplier's overall risk.

### Risk management procedure in the supply chain

Swisscom does not assess the risk of all its supply partners. Instead, it uses a filtering process to determine their effective risk potential at an early stage, while at the same time reducing the number of supply partners to be assessed.



### Filtering process: risk management procedure in the supply chain

In the first stage of the filtering process, Swisscom assesses all product groups in terms of their environmental and social risks using clearly defined criteria, with the individual product groups being assigned to one of three risk profiles – low, medium or high.

In the second stage, Swisscom then identifies the supply partners whose goods have been assigned to the product groups with high- and medium-risk profiles. It reviews the risks of these supply partners individually using clearly defined criteria. Where deemed appropriate to avoid risks, the supply chain is integrated into risk monitoring. Goods belonging to a category with medium and high risks are also used by Swisscom to determine the risks of potential supply partners. The results of the assessment are then taken into account when deciding on a possible collaboration.

### Overview and requirements of risk management in the supply chain



<sup>1</sup> The suppliers are classified according to the product groups.

<sup>2</sup> New suppliers, specific evaluations and re-evaluations take place via selective risk profile of the suppliers.

### Self-declarations/self-assessments

Swisscom met its objective for 2016 to assess 140 suppliers on the e-tasc platform.

Swisscom registered nine new suppliers in 2016, all of whom were subjected to an assessment. Of all registered Swisscom suppliers, a total of 28 have not yet met expectations in terms of Corporate Responsibility. Swisscom has therefore set up a corrective action plan (CAP) which documents potential improvements. After 12 to 24 months, Swisscom will decide which suppliers need to be reassessed, provided the supplier has not initiated the reassessment themselves.

Swisscom again carried out a number of guided re-assessments in 2016. The Swisscom suppliers concerned improved by an average of 31% as a result of the corresponding corrective measures. Swisscom suppliers scored 32% better than the suppliers registered on the platform worldwide (several tens of thousands).

In 2017, Swisscom intends to register further key and strategic suppliers as well as high- and medium-risk suppliers, in e-tasc. It will also conduct another critical review of the list of suppliers in high-risk product groups.

Swisscom itself was also subjected to a re-assessment in 2016, in which it improved and once again achieved the “Gold Level”.

## Audits

Swisscom has been a member of the Joint Audit Cooperation (JAC) for several years. Swisscom carried out six audits in 2016 as part of its collaboration with the JAC. The JAC is a consortium of 13 telecoms companies which checks, assesses and promotes measures intended to safeguard social responsibility in the production centres of the major multinational ICT suppliers.

The following guidelines apply to the on-site audits:

- > **Preparation:** Audits are based on information that must be obtained in advance via the company to be audited.
- > **Qualified auditors:** Audits are carried out by international auditing companies that have specialist knowledge of the social and environmental conditions particular to the country in question.
- > **Confidentiality:** Confidentiality agreements are signed with suppliers, so audit results are only known to JAC members.
- > **Methodology:** The JAC members create a checklist based on the SA 8000 (including in relation to working conditions, health and safety, environment, business ethics, management system) and ISO 14001 standards. On-site audits with the relevant dialogue partners are also taken into account.
- > **Report:** The report formulates the findings based on objective evidence.
- > **Collaboration with suppliers:** The collaboration is based on the common understanding that the CR risk management system plays a key role in supporting responsible and sustainable development.
- > **Collaborating with and further developing suppliers:** On the basis of the findings from the audit, corrective measures are drawn up with suppliers to correct shortcomings. The respective JAC member follows the implementation of these measures until they have been successfully completed.

In regular teleconferences, the JAC members set the audit agenda, check the audit reports and monitor the progress of the planned corrective measures. These regular conferences and the exchange of best practices help to optimise the Corporate Responsibility assessments and make the JAC initiative more efficient. The JAC steering committee, which is made up of representatives from the senior management level of the respective CR and sourcing areas, meets four times a year to review the audit campaign, decide on how to proceed and launch new projects.

In 2016, mobile surveys were conducted for the first time alongside the classical CR audits, whereby workers outside the factories were surveyed on working conditions by mobile phone. These mobile surveys are a new survey method that offers a great deal of potential for the future. They are conducted by NGO Good World Solutions. The JAC launched a total of seven mobile surveys in the year under review.

As part of its overarching CR Strategy 2020, Swisscom aims to improve the working conditions of two million people by 2020. To this end, it has intensified its international partnerships, such as the one it maintains with the JAC, in order to ensure implementation of the measures in close collaboration with its suppliers.

## Audit results

In total, 69 audits of suppliers were carried out within the JAC network (prior year: 61). The proportion of audits at supply partners (tier 2/3) increased to 82%.

The audits involved production facilities, most of which are located in China, Taiwan, India, Japan, South Korea and South America. A limited number of instances of non-conformity and various types of non-compliance were noted in the audits carried out in 2016. The instances of non-compliance mainly concern working hours, occupational safety, environment, wages and health/security. The audits also identified several cases of discrimination and the employment of minors. The time period for rectifying the problems depends on the type of non-compliance.

Due to the impact on the human resources of the company concerned, rectifying irregularities with respect to working hours in particular (e.g. limiting regular working hours and overtime) requires several months.

The JAC network has conducted a total of 278 audits in 24 countries on four continents since 2010. The audits covered more than 740,000 employees in total and identified 1,777 cases of shortcomings, with 386 yet to be resolved.

The audits identified the following number of shortcomings:

Number of problems	2013	2015	2016
Health and safety	68	100	114
Working hours / overtime	73	77	52
and "Worksheet emissions factors combustion", FOEN, 2005 (in german).	64	45	67
Child and juvenile labour	10	12	7
Remuneration	9	34	20
Environment	30	44	34
Forced labour and discrimination	10	13	9

Of the 517 shortcomings established in 2016, 314 are still outstanding or unresolved. 52 of the outstanding cases were connected to issues involving working hours. 23 of these 52 shortcomings occurred in the years 2010 to 2015, and 29 in 2016. 262 identified shortcomings fall into other categories. Of those, 49 occurred in the years 2010 to 2015, and 213 in 2016. The shortcomings in terms of under-age workers relate to excess hours or night shifts, but not child labour. The cases of discrimination that have been highlighted involve inadequate formalisation of contracts, but not forced labour. Environmental shortcomings refer to the storage of chemical products and the lack of environmental reports and objectives.

The individual JAC members are continuously addressing these shortcomings. The collected data is updated regularly and discussed in the steering committee.

### Carbon Disclosure Project (CDP) – supply chain programme

In the year under review, Swisscom continued its cooperation with the Carbon Disclosure Project (CDP) – a non-profit organisation founded in 2000. The organisation encourages companies to publish relevant environmental data, including data on harmful greenhouse gas emissions and water consumption. Once a year, the CDP, on the behalf of investors, uses standardised questionnaires to collect information and data from companies on a voluntary basis as regards CO<sub>2</sub> emissions, climate risks and reduction goals and strategies. The CDP now maintains the world's largest database of this kind.

As part of its cooperation with the CDP, Swisscom contacted and surveyed 54 (prior year: 53) of its key suppliers. The suppliers surveyed have a high order volume or a high degree of environmental relevance. The response rate was 90% (prior year: 91%), thus once again allowing the survey to be brought to a successful conclusion. In the fourth quarter of 2016, the CDP analysed the responses and applied a scoring system to rate the suppliers who took part. The results are partly incorporated into the e-tasc platform from EcoVadis and used as a basis on which to comprehensively assess Swisscom's key suppliers.

As part of its CR Strategy 2020, Swisscom is pursuing a specific target in the area of climate protection (2:1 target). As the supply chain is responsible for a major portion of Scope -3 emissions, CO<sub>2</sub> emissions in the supply chain play a very important role. Swisscom will therefore take part in the Action Exchange programme in 2017 as part of its work with the CDP and define specific reduction targets with individual suppliers. Thanks to the emission data that the CDP collects from suppliers, Swisscom has a reliable basis for determining reduction targets for itself as well as for its key suppliers.

### GeSi – commitment

As part of GeSi, the Global e-Sustainability Initiative, the world's leading ICT providers are committed to sustainable change using new technologies. In particular, Swisscom works within the GeSi framework to promote fair and sustainable supply chains requiring global cooperation. It participates in numerous CR projects and plays an active role in them. These projects include, for example, sponsoring and collaborating in the "Smarter 2030" study; developing and positioning the Sustainability Assessment Standard Framework (SASF) as the future standard for the entire ICT sector; and the continuing development of e-tasc as an overarching platform for conducting self-assessments and audits of suppliers. Going forward, GeSi will align its organisation and its activities to the Sustainable Development Goals (SDGs).

## Main risk factors in the supply chain

### Human rights

Swisscom attaches great importance to the observance of human rights in the areas specified by the Social Accountability International (SAI) SA 8000 standard, which include child labour, forced labour, health and safety, freedom of association and the right to collective bargaining, discrimination, discipline, working hours and remuneration. In 2016, Swisscom published a new Human Resources Policy on its website.

 See  
[www.swisscom.ch/  
humanrights](http://www.swisscom.ch/humanrights)

### Climate risks from CO<sub>2</sub> emissions

Climate change poses risks, for example in the form of increasing levels of precipitation as well as higher average temperatures and extreme meteorological events. These risks could compromise the manufacture of telecommunication products and network equipment and its transport into Switzerland, and thus have a negative effect on Swisscom's market opportunities and operations. Swisscom's greenhouse gas inventory shows that the majority of its CO<sub>2</sub> emissions are attributable to the supply chain – a fact Swisscom takes into account in its strategic priority on climate protection.

### Raw materials

The raw materials contained in Swisscom's various products stem from a wide range of countries and regions. Questions on the origin of the raw materials used and the associated environmental and sociological risks are increasingly being raised. Swisscom is addressing the issue of raw materials and has implemented the following measures in this regard in recent years:

- > **January 2012:** Swisscom became a member of the World Resources Forum Association (WRFA) through its membership in the Global e-Sustainability Initiative (GeSI).
- > **March 2012:** Inaugural meeting of the WRF Association, at the meetings of which Swisscom represents GeSI.
- > **March/October 2013:** Participation at the Annual General Meetings of the WRFA in St. Gallen and the WRF in Davos.
- > **October 2013:** Dialogue with the NGO "Brot für alle" and participation at the "High Tech – No Rights" symposium in Berne.
- > **2014/15:** Preliminary enquiry into a partnership with Fairphone.
- > **March 2016:** Marketing of Fairphone via an indirect sales channel. – Dutch start-up Fairphone hopes to shake up the telecommunication sector with its smartphone, which is manufactured in accordance with fair trade principles. The focus is on the ethical extraction of raw materials, socially responsible production conditions and the longevity of the product. Fairphone sought out Swisscom as a sustainable partner. Swisscom will examine the option of marketing via its own channel in 2017.
- > **May 2016:** As part of their "Stop benzene" petition in the summer of 2016, the two aid organisations "Brot für alle" and "Fastenopfer" raised awareness of the risks associated with using benzene in the manufacture of mobile phones. For this purpose, they compiled a ranking of the largest Swiss sellers of mobile phones, with Swisscom achieving the best results. As a reseller of mobile phones and tablets, Swisscom is committed to improving sustainability and working conditions along the supply chain through its ongoing international cooperation with GeSI and the JAC.

 See  
[www.worldresourcesforum.org](http://www.worldresourcesforum.org)

### Corruption

Swisscom has established a policy of zero tolerance towards corruption in its guidelines. The guidelines are implemented through regular training, reviews and audits across the Group. In addition, Swisscom requires its suppliers to comply with these guidelines as well. Swisscom expects neither its own employees nor any of its suppliers to grant or accept any undue advantages. Infringements may result in disciplinary actions for Swisscom employees, up to and including dismissal. If it is proven that a supplier violated anti-corruption laws, they will be reprimanded and, as a last resort, removed from the supply chain.

# Networked Switzerland

Swisscom plans to provide ultra-fast broadband coverage (at least 100 Mbps) to 85% of homes and offices by 2020, with 99% of the population enjoying ultra-fast mobile broadband. Aside from the direct added value it provides, Swisscom's investment in Switzerland will also indirectly contribute around CHF 30 billion to the country's GDP from 2014 to 2020, thus helping to create and maintain some 100,000 jobs in Switzerland.



## Environment, objectives and management approach

Swisscom's investments not only create around CHF 5 billion a year of added value for itself, but also benefit other companies and thus indirectly constitute an important contribution to the competitiveness and prosperity of the country.

### Impact of investments by telecom companies on gross domestic product (GDP) and employment

In the summer of 2013, the Boston Consulting Group (BCG) calculated the impact of investments by telecommunication companies on gross domestic product (GDP) and employment – two key macroeconomic indicators – on behalf of the European Telecommunications Network Operators Association (ETNO). The calculations were based on eleven recent academic studies, five of which focused on the impact of telecoms companies on GDP and six on the impact on employment levels. In collaboration with the BCG, Swisscom applied the calculation model and findings of all eleven studies to its own situation. Swisscom's impact on employment in Switzerland as calculated by the BCG is 1.8 times lower compared with other countries due to the fact that salaries in Switzerland are especially high (calculations are based on annual average salary).

### Investments by Swisscom in the billions

In 2016, Swisscom invested CHF 1.8 billion in Switzerland. Swisscom is planning to make further investments in Switzerland worth billions of Swiss francs between 2017 and 2020. According to the BCG model, Swisscom will thus indirectly contribute more than CHF 30 billion to GDP in the period from 2014 to 2020, in addition to the total added value of around CHF 35 billion it creates for itself (CHF 5 billion per year over a period of seven years). Swisscom will help create and maintain 100,000 jobs in Switzerland through this indirect added value by 2020. According to the first interim results, Swisscom has already contributed CHF 16.1 billion in indirect added value after three years and maintained or created 54,000 jobs. This already puts Swisscom at over half of the total estimated added value after just three out of the seven years.

The achievement of targets will be measured as part of the business plan process and through the annual segment information and statements of added value as published in the Annual Report. The BCG will review the calculation model if necessary and adapt it in line with new research findings. The section in this sustainability report on a networked Switzerland relates to the section in the Annual Report detailing the business model and customer relationships. The description of the network infrastructure is contained in this section on pages 46-55.

## Basic service provision

Swisscom is responsible for providing basic telecoms services in Switzerland, and has been mandated to do so until the end of 2017. The aim of the mandate is the provision of analogue and digital network access throughout Switzerland, including voice telephony, fax, data transmission and broadband Internet access. The guaranteed minimum transmission speed for a broadband Internet connection is 2 Mbps (downloads) and 200 kbps (uploads). The price ceiling for this service (including fixed-line telephony) is CHF 55 per month (excluding VAT).

Another part of basic service provision for which Swisscom has long been responsible is the maintenance and operation of the public telephones and access to the emergency call service for the police, fire and ambulance services, as well as special services for the disabled. Swisscom currently foregoes any financial compensation for the uncovered costs of basic service provision.

	Unit	2014	2015	2016
Number of public payphones <sup>1</sup>	Number	4,453	4,091	3,553
Emergency calls	in thousand	2,716	2,682	2,740
Calls to the service for visually impaired/hard of hearing	in thousand	463	416	372

<sup>1</sup> Of which 2,844 (2016), 2'949 (2015), 3,105 (2014) within the scope of basic service provision

## Net neutrality

Together with other network operators and the Suissedigital and asut trade associations, Swisscom has established a code of conduct for an open Internet. The signatories of the code of conduct have made a public commitment to an open Internet. The code lays down that all users in Switzerland should be able to use the content, services, applications, hardware and software of their choice. Subject to regulatory requirements, no services or applications are therefore blocked by Swisscom and the freedom of information and expression is not limited on the Internet in any way. The signatories of the code of conduct have also set up an independent ombudsman's office. Users who believe that their service provider has breached the code of conduct can call on the net neutrality ombudsman's office if the issue is not resolved in prior discussions with the network operator.

## Low Power Network

Swisscom is setting up a Swiss-wide network for the Internet of Things to supplement the mobile network in the form of the Low Power Network (LPN). The LPN connects everyday objects that exchange only small amounts of data with each other in an extremely energy-efficient manner – for example, bicycles, letterboxes, bins or even shoes. These objects can exchange data using batteries independently of the electrical network for several years. Often it is sufficient if infrastructure, devices and things transmit information on only a sporadic basis. The primary assets of LPNs are thus their broad reach, their low hardware costs and their extremely energy-efficient transmission. One battery can connect a sensor to the network for several years without being plugged into an electrical socket. LPNs lay the foundation for smart cities, energy-efficient buildings, machine-to-machine networking and new digital applications, since they allow infrastructure, devices and things to network and communicate with one another – and make the process tangible for users by answering questions such as the following: Where is an object? Is it moving or still? How warm is it? How high is its fill level? Is there the risk of an outage? – By the end of 2016, LPNs will provide outside coverage to around 80% of the Swiss population. It is based on the open industry standard LoRa. Swisscom is a founding member of the LoRa Alliance, which now comprises over 400 members.

 See  
[www.lora-alliance.org](http://www.lora-alliance.org)

# Social and cultural commitments

Throughout its history, Swisscom has had close ties with Switzerland and the local population, so its commitment to the country and its people is a matter of tradition. This covers three areas: public affairs, Corporate- Responsibility-projects, and events and sponsoring.

## Swisscom's commitment

Swisscom is active on both a national and regional level. On its own or as part of long-term partnerships, it supports activities that contribute to social cohesion and the common good. There are three areas in which Swisscom focuses its activities: public affairs, projects carried out as part of its Corporate Responsibility and support for public events through sponsoring. Swisscom's sponsoring has a long-term focus. It focuses on sporting and cultural events intended for a wide audience. Therefore, Swisscom's sponsorship activities are spread across all regions of Switzerland and appeal to a wide range of target groups.

### Memberships and partnerships

Swisscom works as an association member or in projects with various partners on issues relating to its six strategic priorities. Swisscom sets itself ambitious targets and seeks to work with suitable partners at both national and international level. In choosing its partnerships and memberships, it attempts to ensure that the institutions serve as an ideal complement to the company in terms of their professional competence, and thus make a significant contribution to the achievement of the Swisscom strategy. The institutions should also share the values of the Swisscom guiding principles and have an excellent reputation and a high level of credibility in their area of activity.

 See  
[www.swisscom.ch/  
cr-partnerships](http://www.swisscom.ch/cr-partnerships)

### Public affairs

Swisscom Public Affairs fosters communication with all regions of Switzerland. The team members are organised locally, primarily provide information on infrastructural issues and Swisscom commitments, and listen to the concerns of their stakeholder groups. In addition to one-on-one meetings and discussions, Swisscom maintains contact with politicians and the authorities via regular publications (municipal newsletters) and e-mail newsletters. Swisscom organises information events in individual cantons covering a wide range of topics (e.g. data security and using electronic media). As part of this, Swisscom Public Affairs not only deals with enquiries from the authorities and politicians, but also attends to the concerns of the general public. The team also participates in national working groups and committees aimed at improving broadband provision in peripheral regions. For example, Public Affairs and Public Policy represent Swisscom in the Federal Office for Communication (OFCOM) Broadband Working Group and on the Teleworking Committee of the Schweizerische Arbeitsgemeinschaft für Berggebiete ("Swiss Consortium for Alpine Regions").

### Projects carried out as part of Swisscom's Corporate Responsibility

- **Fostering innovation through Fellowship ICT4Good:** New information and communication technologies (ICT) change our lives, result in many conveniences and present new challenges. There is no disputing that society has benefited from the sensible use of new technologies. This is the area where the Fellowship ICT4Good is active. In the year under review, the fellowship went to the start-up company 2324.ch. 2324.ch aims to promote a dialogue at local level among citizens, associations and municipal governments using new communication technologies. Swisscom did not issue any new fellowships in 2016.

- > **Recycling of devices:** By law, Swisscom provides a two-year guarantee on all devices, such as phones, modems, mobile phones and mobile unlimited USB modems. In addition, any electronic devices from the Swisscom range can be returned to the company, and routers are re-used if possible. Recycling is performed in conjunction with SWICO Recycling, the recycling commission of the Swiss Association for Information, Communication and Organisational Technology, and is financed by a recycling fee charged in advance. Recycling statistics are available from SWICO.
- > **Repair service in Repair Centres:** One in five mobile phones purchased from Swisscom will be repaired at least once during its lifetime. If a phone is sent in to the manufacturer for repair, the service takes nine days on average. This is precisely where the new Swisscom Repair Centres come in: whenever possible, damaged mobile phones can be repaired directly on site in Swisscom Shops within 24 hours, or in as few as three hours using the express service (subject to charge). The manufacturer's warranty remains intact thanks to the certified specialists involved. Most repairs relate to cracked displays or battery and software problems. Swisscom customers were very appreciative of the service during the trial phase in Zurich, Winterthur and Lausanne, as evidenced by the dramatic rise in customer satisfaction in those shops equipped with Repair Centres. Following successful tests, Swisscom opened a further six Repair Centres in the Swisscom Shops in Lucerne, Geneva, Berne, Basel, Fribourg and St. Gallen by the end of 2016. A total of 15,400 devices found their way to our Repair Centres in 2016.
- > **Swisscom Mobile Aid:** Around 86,100 mobile handsets were returned to Swisscom in 2016. The return rate of used mobile handsets increased in 2016 compared with the previous year and amounted to 7.9% (prior year: 7.1%). Swisscom sold many of these devices via a third-party company in countries where there is a demand for low-priced second-hand devices. All proceeds from the sales went to the social enterprise Réalise and the SOS-Kinderdorf Schweiz relief organisation. A historic donation threshold was passed in 2016: since Swisscom Mobile Aid was launched, the mobile phones donated by Swisscom customers have raised a total of over CHF 1 million for SOS-Kinderdorf Schweiz. Devices that can no longer be sold are professionally recycled by SWICO. The initial stage is carried out by the licensed recycling company Solenthaler Recycling together with the Dock Group. The Dock Group has long helped unemployed people reintegrate into the workforce.
- > **Swisscom Mobile Bonus:** Swisscom continued the Swisscom Mobile Bonus programme in the year under review. Customers and non-customers can sell back their used devices at market prices online or in Swisscom Shops. Mobile Bonus increases the return rate. It is also open to business customers under the name Mobile Bonus Business.
- > **Swisscom offerings for people with health problems:** Swisscom wants everyone in Switzerland to have barrier-free access to communication tools. It therefore makes a substantial contribution to ensuring that disadvantaged people can partake in Switzerland's information society. Swisscom Shops comply with stringent requirements concerning wheelchair access. Swisscom Shop employees also have to be able to recognise what requirements a specific impairment may entail. To help them with this, Procap Schweiz provides accessibility training sessions. In addition, Swisscom continuously introduces measures to optimise the accessibility of its shops. It endeavours to offer a range of end devices that gives people with impaired hearing or vision a real choice, and constantly updates its device and service portfolio. The Swisscom range includes, for example, the Emporia mobile phone (a smartphone with on-screen voice support for visually impaired people) and the multi-modal customer service contact option. Anyone unable to use the current subscriber directory due to physical impairment can be connected via the short number 1145 at no extra cost. Swisscom provides this service free of charge as part of the basic service provision. People who are hard of hearing can take advantage of a transcription service. This service makes telephone calls possible between the hard of hearing and those who can hear normally, and is offered free of charge in association with the organisation procom. It is also part of the basic service provision. Swisscom continues to be committed to ensuring its website offers barrier-free access to all. As part of the technical redesign of its website, Swisscom has already implemented key guidelines for barrier-free content in the form of the Web Content Accessibility Guidelines WCAG 2.0. In a next step, Swisscom will formulate internal recommendations on website accessibility that are tailored to Swisscom products and services.
- > **Offerings for people with limited financial resources:** Swisscom supports people with scarce financial resources via three offerings. Young people under the age of 26 can benefit from a reduced-tariff plan, with a credit limit for subscriptions for those under 18. In addition, Swisscom offers a prepaid subscription for children and young people aged 7 to 18.

See  
www.swico.ch

See  
www.swisscom.ch/  
mobileaid

## Culture

In 2016, together with Radio Energy, Swisscom presented nine music events that allowed more than 60,000 visitors to enjoy exclusive concerts. In addition, Swisscom financially supported more than 50 music projects of young artists as part of the Music Booster project. As the main sponsor of the Locarno International Film Festival and the partner of the Solothurn Film Festival, Swisscom also provides support for film. The company is also a member of the Board of Trustees of the Museum of Communication in Berne, which gives visitors an insight into the communication of the past, present and future. Visitor surveys show that the museum is highly regarded as a family-oriented and interactive museum. The temporary exhibition “Dialogue with Time. How will I live in my old age?”, which opened in November 2015, welcomed 25,000 visitors in the space of eight months. The biggest highlight of the year was the Swiss Wrestling and Alpine Festival in Estavayer. As the event’s Gold Sponsor, Swisscom thrilled more than 30,000 visitors to the television arena with concerts and live broadcasts. In its capacity as the event’s technical partner, Swisscom set up an on-site network infrastructure capable of reliably providing Internet access to around 250,000 people.

## Sports

Swisscom’s sporting sponsorship focuses on winter sports. As the principal sponsor of Swiss-Ski, Swisscom helps Swiss winter athletes reach peak performance in downhill and Nordic skiing, snowboarding, freestyle and telemark skiing. As part of its partnership with Swiss-Ski, 20% of Swisscom’s annual sponsorship fees go towards fostering the development of junior talents. Swisscom has also developed a downhill training programme for junior talents, which is focused on systematically selecting and fostering the skiers of tomorrow. It also creates training opportunities to provide the Swisscom Junior Alpine Ski Team with the ideal preparation for the Junior World Cup. As the official telecoms partner of all Swiss FIS World Cup events, Swisscom is boosting Switzerland’s status as both a venue for sporting events and a haven for winter sports.

Football also plays a significant role in Swisscom’s commitment to sport. Thanks to Swisscom and Teleclub, more Swiss football is now being shown live on television than ever before. Swisscom TV broadcasts in excess of 180 Swiss football matches every season.

Not only is Swisscom the partner of the Swiss Football League, it also supports ten clubs in the Super League and nine in the Challenge League. Swisscom’s collaboration with the Swiss Football League is geared towards a long-term and future-oriented partnership.

## Solar Impulse

On 26 July 2016, André Borschberg and Bertrand Piccard successfully completed their round-the-world trip in Solar Impulse. The project has made a valuable contribution to research and innovation in the area of renewable energies. It aims to prove that clean tech can reduce our consumption of natural resources and our dependency on fossil fuels.

Swisscom has been a partner of Solar Impulse since 2009. It developed an ultra-light, energy-saving communication system to ensure communication between the pilot and his crew on the ground at all times as the plane circumnavigated the Earth. Consequently, Swisscom made an important contribution to the success of the circumnavigation bid.

Thanks to the partnership with Swisscom, the public was able to experience the flights by Solar Impulse live and from the perspective of the pilot. Images from the cockpit and up-to-date aircraft statistics (position, speed, course, etc.) were transmitted via satellite connection and displayed in a virtual cockpit on the Internet.

# Innovation and development

In a dynamic environment in which the market situation and general conditions are constantly changing, a company must be innovative to ensure long-term success. This is why Swisscom consistently focuses on meeting changing customer needs, and identifies growth areas in which it can sustainably defend and strengthen its position.

## Environment, objectives and management approach

Innovation is an important driver in the bid to enter new markets and partake in up-and-coming technologies. Due to the rapidly changing nature of Swisscom's business environment, innovation and development, in other words the commercially successful implementation of new ideas, are becoming increasingly important. Innovation is an important lever in remaining relevant in the core business, in generating growth in new markets and in digitising internal work processes. Swisscom strives to anticipate the strategic challenges, new growth areas and future customer needs early on, so as to help actively shape the future of telecommunications and the Internet. At Swisscom, innovation takes place in all areas of the company as well as beyond.

## Open innovation: a success factor

Swisscom recognises the importance of maintaining a dialogue with customers, employees, suppliers and other partners, as this enables a continuous, open process of innovation with the focus on customers and their needs. When developing new products and services, Swisscom consistently adopts human-centred design methods, i.e. the user-oriented design of simple, inspiring experiences that help customers find their way in the networked world.

Within the company, Swisscom practises and promotes decentralised product development. As a result, new ideas are generated throughout the company. Various events and platforms provide employees with the opportunity to exchange trendsetting ideas and familiarise themselves with best practice examples. One example of this is the Innovation Week held twice a year, during which teams of employees from different divisions implement a new idea that addresses a specific customer need, is of business relevance and has potential on the market. Moreover, Swisscom supports internal pioneers through the Kickbox programme, which provides interested employees with the tools (including starting credit, a timeframe as well as the contact details of innovation experts) required for developing an idea into a prototype.

Outside the company, Swisscom promotes innovation throughout the industry. In particular, Swisscom is committed to supporting young companies that offer new, progressive solutions in the fields of IT, communications and entertainment. Swisscom participates in start-ups as a project partner and investor, supports them by providing tailored products and services, and offers them access to infrastructures and markets. Since 2013, Swisscom has held the StartUp Challenge competition, where winners are sent on a one-week mentoring programme in Silicon Valley. In June 2016, Swisscom announced that it was stepping up its collaboration with FinTech start-ups: a FinTech cluster within Swisscom institutionalises the cooperation with start-up companies in the financial industry. Swisscom Ventures is also being expanded with a dedicated FinTech fund of over CHF 10 million. Using this fund, Swisscom is making targeted investments in promising FinTech start-ups and is pressing ahead with collaborations in innovative digital banking services. In autumn of this year, Swisscom launched the "Call for Innovation", as part of which it contracted out specific ICT questions for the international start-up community to answer. Selected start-ups have the opportunity to present their solutions to a panel of experts, and the winning project will work on a joint test project with Swisscom.

Swisscom has been operating in Silicon Valley since 1998, with its branch offices running targeted trend and technology scouting operations and helping to remain at the forefront of technological development via collaborations with start-ups.

### **Innovation platforms**

Swisscom plays an active role in shaping Switzerland's future. Its commitment to fostering an innovative and competitive Switzerland is reflected in the backing it gives to a whole variety of projects. Swisscom supports Switzerland's role as a research centre by making investments and engaging in partnerships with universities and institutions. For example, it funds the chair of Professor Adrian Perrig, head of the network security group at the Federal Institute of Technology in Zurich, thereby making an important contribution to information security in Switzerland.

As a partner of the Federal Institute of Technology Lausanne (EPFL), Swisscom enables research work to be performed in the areas of human activity and the smart home ("intelligent living") as well as "5G for Switzerland". The partnership involves the provision of financial support for selected projects, the establishment of the "Digital Lab" (a competence centre for digitisation at the EPFL Innovation Park), and various other campus activities, such as events dealing with digitisation.

Swisscom is also a partner of the Swiss Innovation Park and is closely involved in guiding this long-term project as a member of the Board of Trustees. Through its participation in the regional innovAARE Park, Swisscom is supporting research in the field of energy.

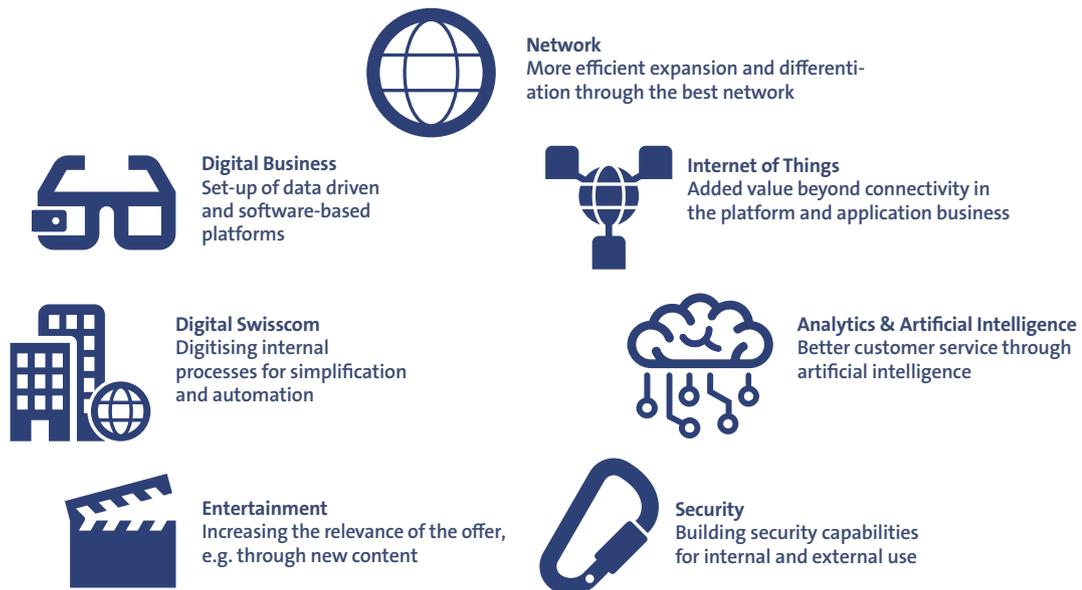
Finally, Swisscom is a founding member of the Digital Switzerland initiative (previously known as Digital Zurich 2025), the aim of which is to position Switzerland as an attractive location for start-ups. Swisscom also supports initiatives such as Impact Hub Zurich as well as incubators such as Base-Camp4HighTech, and in doing so cultivates a dynamic environment for start-ups.

### **Enabling services**

Swisscom hopes to make its software technologies and infrastructure elements internally available by means of a strongly service-oriented procedure. It is confident of pressing ahead with the development of future software solutions through standardisation and a self-service approach. By offering its developers all of the key working bases – from programming interfaces and hosting all the way to technical support – "as a service", Swisscom is making its internal processes considerably more streamlined, faster and cost-effective.

## Focused innovation

Swisscom is focusing its innovation activities on the following seven areas of innovation, which in turn directly help the Group achieve its goals:



Swisscom continually invests in progressive solutions in these areas of innovation. The aim is to provide the best ICT infrastructure for a digital Switzerland, tap new growth markets and offer its customers the best services and products:

### Network:

- > **5G for Switzerland:** As part of the “5G for Switzerland” programme, Swisscom and Ericsson are making preparations for the new generation of mobile technology. Working together with the Federal Institute of Technology Lausanne (EPFL) as a research partner, their aim is to advance the development of 5G. They are also planning to work together with industrial partners on developing and testing the potential applications in a wide range of different areas, such as smart transportation and virtual reality. The research results will influence the definition of the global 5G standard.
- > **G.fast:** At the end of 2016, Swisscom became the first telecommunications company in Europe to integrate the innovative G.fast (pronounced “gee dot fast”) transmission standard into its fixed network. G.fast is an important element of Swisscom’s fixed network strategy and accommodates the continuous data growth within the network. Thanks to G.fast, customers can benefit from bandwidths of up to 500 Mbps.

### Internet of Things:

- > **Swisscom Low Power Network:** This network is used for applications in combination with “autonomous” devices that only transmit a small amount of data. The devices in the field require less power and can therefore function without a power supply or large batteries. Manufacturing and maintenance are relatively cost-effective. Swisscom is providing Switzerland’s first national LPN for the Internet of Things.
- > **Smart City:** In Pully, Canton of Vaud, and other pilot cities, anonymised, aggregated mobile phone data is helping to improve traffic flows in the town and relieve the burden on the town centre by displaying exact movement patterns. The project is intended to act as a pilot: Swisscom is helping towns and cities to plan their infrastructure in a more systematic manner and find easier ways to manage it.

 See  
[www.swisscom.ch/lpn](http://www.swisscom.ch/lpn)

#### Analytics & artificial intelligence:

- > **Voiceprint:** Customers who call the hotline can now be identified through their voice. The so-called voiceprint makes the identity verification process faster and more reliable. Voiceprint thus helps agents to serve customers even faster and with a more personal service.

#### Security:

- > **Security with artificial intelligence:** The number of threats from the Internet continues to grow and the threats themselves are becoming increasingly intelligent. Swisscom plans to use algorithms and artificial intelligence to automatically identify attacks and threats as well as to initiate the corresponding countermeasures. This could make a considerable contribution towards ensuring a safe and secure network.

#### Entertainment:

- > **UHD TV-Box for a new era of picture quality and voice recognition:** In April 2016, Swisscom launched a new TV-Box. It is smaller, quicker, more economical and offers images in amazing ultra-high definition quality (UHD). The new box comes equipped with a new remote control with a built-in microphone to enable customers to perform voice-activated searches, thus eliminating the need to type in search terms and making it much easier to find film or programme titles, actors, sports clubs or other key words.

#### Digital Swisscom:

- > **Swisscom Friends – neighbourly help:** The aim of Swisscom Friends is to encourage customers to discover the opportunities available in the digital world. As part of the neighbourly help service, people provide support to other people from their neighbourhood with any technical concerns they may have. The service comes with the benefit that support can also be provided outside of office hours. Swisscom Friends are volunteers and are compensated by customers directly.

#### Digital Business:

- > **siroop:** Through its participation in Eos Commerce AG – a start-up founded by Coop – and the launch of the siroop online marketplace, Swisscom is driving digitisation, offering customers and Swiss retailers a secure and attractive platform and leveraging the trend in favour of online retailing, which is increasingly growing in importance for Swisscom as well. Coop and Swisscom are contributing their expertise in digitisation, e-commerce, marketing and retailing to start-up companies.

In addition to the activities it carries out in innovation fields, Swisscom is constantly investigating the opportunities offered by new technologies. In 2016, it focused on the potential of blockchain disruptive technology as well as virtual/augmented reality.

The aim is for Swisscom to provide the best infrastructure for a digital Switzerland, tap new growth markets and offer its customers the best services and products.

# About this Report

## Scope of the Report

Swisscom's Group structure is described in the "Group structure and organisation" section of this year's Annual Report. A list of Group companies, comprising subsidiaries, associates and joint ventures, is provided in the Notes to the 2016 Consolidated Financial Statements (Note 40).

- > **Principles:** The scope of the Sustainability Report according to the Global Reporting Initiative (GRI) is generally defined as follows: Swisscom Ltd and all Group companies domiciled in Switzerland that are fully consolidated in accordance with International Financial Reporting Standards (IFRS), with the exception of subsidiaries CT Cinetrade Ltd, Mila Ltd and Swisscom Digital Technology SA. The participation in the Cinetrade Group is not included within the scope of the report due to the fact that its effect is immaterial and not all of the requirements listed in the section on management approaches apply. In line with GRI reporting requirements, acquisitions are included from 1 January of the following year after the date of acquisition and disposals up to the date of disposal. Group companies domiciled abroad and investments in associates and joint ventures are not included in the scope. The Group's main foreign shareholding is Fastweb in Italy. Fastweb publishes its own sustainability report in line with GRI G4, "option core", which is reviewed by Bureau Veritas, an external, independent auditor. The closely related foundations comPlan (pension fund) and sovis are also not included in the scope.
- > **Personnel information system:** In the year under review, the Swiss subsidiaries CT Cinetrade Ltd, Mila Ltd, Swisscom Digital Technology SA, Datasport Ltd and Swisscom Directories Ltd were not included in the central personnel information system, but in local, company-specific personnel information systems. This applies to 809 FTEs of a total of 18,372 FTEs in Switzerland. The central personnel information system thus has a coverage ratio of 95.6% (prior year: 93.9%).
- > **Environment:** The environmental performance indicators (especially regarding energy, water and waste water, emissions, and waste) cover 100% of Swisscom's FTEs in Switzerland. The report therefore includes all buildings managed by Swisscom Real Estate in Switzerland as well as the vehicle fleet managed by Swisscom's Managed Mobility in Switzerland. As regards energy consumption, the data acquisition system also encompasses Swisscom (Switzerland) Ltd's mobile base stations, proprietary production of solar energy and the few transmitter stations Swisscom Broadcast Ltd operates just across the Swiss borders. The consumption of third-party tenants is deducted from the total energy consumption. The data regarding emissions in the supply chain are based on a projection that takes account of 54 suppliers (prior year: 53) as well as audits carried out as part of the Joint Audit Cooperation (JAC). The data on which the projection is based and the audits account for 43% (prior year: 40%) of the order volume.
- > **Social aspects:** The information on social relationships within the supply chain is based on audits carried out as part of the Joint Audit Cooperation (JAC) or on self-declarations and CR contract annexes. These annexes cover nearly all suppliers. Swisscom attributes particular importance to the situation outside OECD countries.

## Reporting: procedure and organisation

This Sustainability Report complies with the GRI principles on reporting. It is structured in line with the “comprehensive option” under GRI, version 4, meaning that it also contains specific standard disclosures in addition to general standard disclosures.

Swisscom has in the past few years developed a clear understanding of the issues pertaining to its immediate environment. In addition, issues are reported to Swisscom directly by stakeholder groups or identified through findings taken from recent studies, market research, trend analyses and benchmarking reports. All of these issues are included in the materiality matrix.

Swisscom involves its stakeholder groups in the evaluation and assessment of the materiality of issues as well as in the setting of strategic priorities. Swisscom conducted a survey among representative stakeholders in June and July 2016, achieving a response rate of 70%. The analysis of the responses is contained in the introduction relating to the participation of stakeholders.

The results of the materiality analyses and the responses from stakeholders make a significant contribution to the formulation of the CR strategy and the definition of thematic focus areas. They form the basis for the report.

Swisscom often involves stakeholder groups in the validation of issues and corresponding reporting. During the year under review, for example, Swisscom had its Sustainability Report assessed by internal stakeholders.

The processes and procedures to be used with some stakeholder groups can then be defined directly wherever necessary. Swisscom collaborates with the Federal Office for Energy (FOE), for instance, to provide information on its contribution to the “Role Model in the Area of Energy” (Vorbildfunktion des Bundes im Energiebereich, VBE) working group. Furthermore, it works with the Energy Agency of the Swiss Private Sector (EnAW) and WWF. In collaboration with other businesses in the ICT sector and in contact with the Federal Social Insurance Office (FSIO), Swisscom also makes a valuable contribution to media skills in Switzerland.

During the year under review, Swisscom also nurtured targeted relationships with the following stakeholders or held discussions on topics as follows that are included in this report.

- > **Customers:** Surveys on topics including customer satisfaction (see page 55 of the Annual Report).
- > **Shareholders and external investors:** Financial topics (revenue, dividends, etc.) at the Annual General Meeting on 8 April 2016 or at roadshows (Financial Report). Swisscom was also in contact with SRI fund managers, for example, in relation to governance topics.
- > **Public authorities:** Contact with municipal authorities regarding the topic of antennas and transmitter stations (170 dialogues in 2016; can be found in the section on Work and life on page 37 of the Sustainability Report), with cantonal authorities (once each per canton) and with members of parliament (once per session, i.e. four times a year) on topics such as roaming, the FTTH rollout and the ICT environment.
- > **Suppliers:** Swisscom maintained commercial contacts with its suppliers in 2016 and had further contacts as part of the self-assessment and audits (can be found in the section “Fair supply chain” in the Sustainability Report).
- > **Employees and employee representation:** Two round tables with the trade unions, which comprise an equal number of employees and representatives of the employer, as set out in the collective employment agreement (CEA), and six meetings with all employee representatives (ten employee representatives) about the reorganisation and jobs (explanations in the sections on employees in the Annual Report from page 58 and in the section on Swisscom as an Attractive employer in the Sustainability Report from page 47).
- > **Partners and NGOs:** Swisscom held two “Leadership Dialogues” in 2016 and had exchanges with its partners during the course of projects.

The reporting process comprises preparation of the Annual Report and the Sustainability Report. Both reports are subject to the same internal validation stages and are validated by the Disclosure, Review and Audit Committees to ensure the quality of the disclosures. The Sustainability Report is also validated externally.



## CERTIFICATION

### SGS CERTIFICATION of the Swisscom AG 2016 GRI Sustainability Report

#### SCOPE

SGS was commissioned by Swisscom to conduct an independent assurance of the GRI-based disclosure on sustainability in 2016. Our assurance scope included the GRI disclosure obligations and figures in accordance with the GRI Index published at [www.swisscom.ch/GRI-2016](http://www.swisscom.ch/GRI-2016). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included all texts and 2016 data in accompanying tables contained in the printed Annual Report 2016, the Sustainability Report 2016 and referenced information on the webpage of Swisscom as quoted in the GRI index. The assurance process did not consider any data from previous years.

#### CONTENT

The Board of Directors or the Managing Director and the Management of the organisation are responsible for the details provided in the annual report and on the website and in the presentation. SGS was not involved in the preparation of any of the material included in the GRI Index and acted as an independent assessor of the data and text using the Global Reporting Initiative Sustainability Reporting Guidelines, Version 4 (2013) as a standard. The content of this Assessor's Statement and the opinion(s) it gives is the responsibility of SGS.

#### CERTIFIER INDEPENDENCE AND COMPETENCIES

The SGS Group is active as a globally leading company in the areas of assurance, testing, verifying and certifying in more than 140 countries and provides services, including the certification of management systems and services. SGS confirms that it is independent from Swisscom. It is unbiased and no conflicts of interest exist with the organisation, its subsidiaries and beneficiaries. The assurance team was assembled based on knowledge, experience and qualifications for this assignment.

#### METHODOLOGY

The SGS Group has developed a set of protocols for the assurance of Sustainability Reports based on current best practice guidance provided in the Global Reporting Initiative Sustainability Reporting Guidelines, Version 4 (2013). SGS has also certified the environmental management systems of Swisscom (Switzerland) Ltd. and Swisscom Broadcast Ltd. in accordance with ISO 14001:2004 and Cablex Ltd. in accordance with ISO 14001:2015. In addition the greenhouse gas inventory of Swisscom AG was verified by SGS according to ISO 14064.

The assurance comprised the evaluation of external sources, meetings with relevant employees, a verification of the documentation and recordings as well as the validation of these with external institutions and/or beneficiaries, where required. Financial data drawn directly from independently audited financial accounts was not checked back to its source as part of this assurance process.

#### OPINION

The statements in the report refer to the system threshold disclosed (Group companies based in Switzerland). On the basis of the above methodology, we did not detect any instances from which we would have to conclude that the information and data disclosed by Swisscom Ltd. in accordance with the GRI Index 2016 may be incorrect. The information and data disclosed represent, to our mind, a fair and balanced picture of the sustainability efforts made by Swisscom in 2016. The implementation of the GRI-relevant instructions was carried out at those parties involved, where Swisscom regarded them to be significant or feasible. In an internal report, we made recommendations in regard to the further development of the sustainability report as well as the management system.

We believe that the existing gaps are not significant and the sustainability report meets the requirements of the option "comprehensive" of the GRI, Version 4 (2013) in accordance with the GRI Index.

#### SIGNED FOR AND ON BEHALF OF SGS

Albert von Däniken, Lead Auditor

Elvira Bieri, Lead Auditor

Zurich, 30.01.2017

[www.SGS.COM](http://www.SGS.COM)

# GRI Index

The GRI Index provides a standardised overview of reporting which is broken down by subject.

Indicators	Status	Reference MC = Management Commentary, SR = Sustainability Report, CG = Corporate Governance, RR = Remuneration Report, FS = Financial Statements or Website Swisscom
Key: Indicator according to GRI 4 (within scope of the report) ∅ = not relevant <input type="checkbox"/> = not covered <input type="checkbox"/> = partially covered <input checked="" type="checkbox"/> = totally covered		
<b>1 Strategy and Analysis</b>		
G4-1	Explanation from the most senior decision maker	<input checked="" type="checkbox"/> MC P. 3 Shareholders' letter; MC P. 46 Company profile; MC P. 29 Corporate strategy and objectives; SR P. 3 Stakeholders' Letter; SR P. 12 Strategic priorities and objectives; SR P. 17 Corporate Responsibility – governance and implementation
G4-2	Key implications, risks and opportunities	<input checked="" type="checkbox"/> Context: MC P. 34 General conditions; SR P. 5 Sustainable environment Risks: MC P. 92 Risks (Concern); SR P. 63 Main risk factors in the supply chain Opportunities: MC P. 46 Business model and customer relations; SR P. 37 Work and life Targets and strategy: MC P. 29 Corporate strategy and objective; SR P. 12 Strategic priorities and objectives SR P. 12 Corporate Responsibility strategy;
<b>2 Organisational Profile</b>		
G4-3	Name of organisation	<input checked="" type="checkbox"/> FS P. 155 Notes to the consolidated financial statements 1 General information
G4-4	Brands, products and services	<input checked="" type="checkbox"/> MC P. 47 Swisscom brand; SR P. 37 Work and life
G4-5	Head office of the organisation	<input checked="" type="checkbox"/> See G4-3
G4-6	Countries of business	<input checked="" type="checkbox"/> MC P. 26 Group structure and organisation; FS P. 218 40 List of Group companies
G4-7	Ownership structure	<input checked="" type="checkbox"/> CG P. 101 2 Group structure and shareholders; FS P. 155 Notes to the consolidated financial statements 1 General information
G4-8	Markets	<input checked="" type="checkbox"/> MC P. 40 Market trends in telecoms and IT services
G4-9	Size of organisation	<input checked="" type="checkbox"/> MC P. 16 KPIs of Swisscom Group; MC P. 20 Business Overview; MC P. 66 Financial review; CG P. 101 2 Group structure and shareholders
G4-10	Workforce in numbers	<input checked="" type="checkbox"/> SR P. 56 Employees in figures
G4-11	Percentage of total employees with CEA	<input checked="" type="checkbox"/> SR P. 56 Employees in figures
G4-12	Description of the supply chain	<input checked="" type="checkbox"/> SR P. 6 Value chain and main aspects of Corporate Responsibility; SR P. 56 Fair supply chain
G4-13	Changes in size, structure or ownership	<input checked="" type="checkbox"/> MC P. 26 Group structure and organisation
G4-14	Precautionary principle	<input checked="" type="checkbox"/> SR P. 19 Precautionary principle; SR P. 41 Certification of the quality assurance system for compliance with ONIR limits; SR P. 48 Raising employee awareness in general and in the area of Corporate Responsibility
G4-15	Supporting charters, principles	<input checked="" type="checkbox"/> SR P. 11 Mission statement; SR P.19 Management approaches and material issues; SR P. 38 Swisscom is a founding member of the Work Smart initiative; SR P. 46 Education Sponsorship Charter; SR P. 67 Memberships and partnerships; SR P. 65 Net neutrality; SR P. 67 Projects carried out as part of Swisscom's Corporate Responsibility
G4-16	Memberships of associations	<input checked="" type="checkbox"/> See G4-15
<b>3 Identified Material Aspects and Boundaries</b>		
G4-17	Organisational structure	<input checked="" type="checkbox"/> MC P. 26 Group structure and organisation; FS P. 218 40 List of Group companies
G4-18	Procedure for determining the content of the report	<input checked="" type="checkbox"/> See G4-24
G4-19	Aspects for defining report content	<input checked="" type="checkbox"/> SR P. 9 Material issues
G4-20	Report boundary within the organization	<input checked="" type="checkbox"/> MC P. 26 Group structure and organisation (Scope of sustainability report); SR P. 74 Scope of the report
G4-21	Report boundary outside the organization	<input checked="" type="checkbox"/> SR P. 74 Scope of the report
G4-22	New presentation of information	<input checked="" type="checkbox"/> No new presentation from old reports.
G4-23	Changes in the scope, report boundaries or measurement methods used	<input checked="" type="checkbox"/> See G4-20, G4-21

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#### 4 Stakeholder Engagement

G4-24	Stakeholder groups	<input checked="" type="checkbox"/>	SR P. 7 Dialogue with stakeholder groups and strategic priorities
G4-25	Selecting the stakeholder groups	<input checked="" type="checkbox"/>	See G4-24
G4-26	Involvement of stakeholder groups	<input checked="" type="checkbox"/>	SR P. 6 Stakeholder involvement; See G4-18, G4-24
G4-27	Stakeholder questions and concerns	<input checked="" type="checkbox"/>	See G4-18, G4-24

#### 5 Report Profile

G4-28	Reporting period	<input checked="" type="checkbox"/>	01.01.2016–31.12.2016
G4-29	Publication of the last report	<input checked="" type="checkbox"/>	<a href="http://www.swisscom.ch/report2015">www.swisscom.ch/report2015</a>
G4-30	Reporting cycle	<input checked="" type="checkbox"/>	Yearly
G4-31	Contact partner	<input checked="" type="checkbox"/>	FS P. 251 Publishing details
G4-32	GRI Content Index and the chosen option	<input checked="" type="checkbox"/>	It is structured in line with the Comprehensive option under GRI.
G4-33	Confirmation by external third party	<input checked="" type="checkbox"/>	SR P. 76 SGS certification

#### 6 Governance

G4-34	Implementation of the Board of Directors; of the organisation	<input checked="" type="checkbox"/>	MC P. 26 Group structure and organisation; SR P. 17 Corporate Responsibility – governance and CG P. 113 4.5 Internal organisation and modus operandi; CG P. 117 4.8 Assignment of powers of authority; CG P. 120 5 Group Executive Board
G4-35	Process for delegating authority	<input checked="" type="checkbox"/>	See G4-34
G4-36	Responsibility for sustainability topics	<input checked="" type="checkbox"/>	See G4-34
G4-37	Report processes for consultation between stakeholders and the highest governance body	<input checked="" type="checkbox"/>	CG P. 127 7.3 Convocation of the Annual General Meeting; CG P. 127 7.4 Agenda items; Link: <a href="http://www.swisscom.ch/en/about/investors/contact.html">http://www.swisscom.ch/en/about/investors/contact.html</a> ; See also under the link: <a href="http://www.sherpany.ch">www.sherpany.ch</a> for registered shareholder's from Swisscom
G4-38	Composition of the highest governance body	<input checked="" type="checkbox"/>	CG P. 106 4 Board of Directors; CG P. 120 5 Group Executive Board
G4-39	Chair of the highest governance body	<input checked="" type="checkbox"/>	CG P. 106 4 Board of Directors; CG P. 120 5 Group Executive Board
G4-40	Nomination and selection processes for the highest governance body	<input checked="" type="checkbox"/>	CG P. 112 4.3 Election and term of office; CG P. 115 4.7 Committees of the Board of Directors: Nomination Committee
G4-41	Mechanisms for avoiding conflicts of interest	<input checked="" type="checkbox"/>	Link: <a href="http://www.swisscom.ch/basicprinciples">www.swisscom.ch/basicprinciples</a> – Organisational Regulations; CG P. 117 4.9 Information instruments of the Board of Directors vis-à-vis the Group Executive Board
G4-42	Highest governance body's and senior executives' roles	<input checked="" type="checkbox"/>	Link: <a href="http://www.swisscom.ch/basicprinciples">www.swisscom.ch/basicprinciples</a> – Organisational Regulations; See G4-34
G4-43	Development and enhancements of collective knowledge of the highest governance body in sustainability topics	<input checked="" type="checkbox"/>	CG P. 113 4.5 Internal organisation and modus operandi
G4-44	Procedure for evaluating the sustainability performance of the most senior management body	<input checked="" type="checkbox"/>	See G4-45, G4-47; Group Executive Board members were nominated as internal sponsors for the strategic priorities of the CR strategy; SR P. 17 Corporate Responsibility – governance and implementation
G4-45	Procedure of the most senior management body for monitoring sustainability performance	<input checked="" type="checkbox"/>	See G4-34, G4-38; SR P. 17 Corporate Responsibility – governance and implementation; CG P. 118 4.10 Controlling instruments of the Board of Directors vis-à-vis the Group Executive Board
G4-46	Reviewing the effectiveness of the organization's risk management processes	<input checked="" type="checkbox"/>	CG P. 118 4.10 Controlling instruments of the Board of Directors vis-à-vis the Group Executive Board; CG P. 118 4.10.1 Risk Management; CG P. 119 4.10.4 Internal audit
G4-47	Frequency of the examination of risks and opportunities	<input checked="" type="checkbox"/>	CG P. 117 4.9 Information instruments of the Board of Directors vis-à-vis the Group Executive Board: annual; CG P. 118 4.10.1 Risk Management: quarterly at the Audit Committee; CG P. 118 4.10.2 Financial reporting internal control system (ICS): quarterly at the Audit Committee; CG P. 118 4.10.3 Compliance management: quarterly at the Audit Committee; CG P. 119 4.10.4 Internal audit: quarterly at the Audit Committee In urgent cases: contemporary

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G4-48	Validation of the report from the highest governance body	☑ The Audit Committee from the Board of Directors is validating the report in two steps before the publication: An independent proxy is validating the Remuneration Report; The report is released by the Board of Directors; See G4-34
G4-49	Communication of critical concerns	☑ CG P. 117 4.9 Information instruments of the Board of Directors vis-à-vis the Group Executive Board: The Chairman of the Audit Committee is informed in real time in urgent cases on new essential risks.
G4-50	Total number of critical concerns	☒ As a basic principle of the Whistleblowing anonymity is guaranteed, for this reason, Swisscom communicates neither the number nor other details about concerns.
G4-51	Remuneration policies for the highest governance body	☑ RR P. 138 4 Remuneration paid to the Group Executive Board
G4-52	Determining remuneration	☑ RR P. 138 4 Remuneration paid to the Group Executive Board
G4-53	Stakeholders' views	☑ SR P. 7 Dialogue with stakeholder groups and strategic priorities; CG P. 127 7.3 Convocation of the Annual General Meeting; CG P. 127 7.4 Agenda items; Protocol
G4-54	Ratio of the highest-paid to the median annual total compensation	☑ SR P. 56 Employees in figures
G4-55	Ratio of percentage increase of the highest-paid to the increase median annual total compensation	☑ SR P. 56 Employees in figures

#### 7 Ethics and Integrity

G4-56	Principles, standards and norms of behavior	☑ Link: <a href="http://www.swisscom.ch/basicprinciples">www.swisscom.ch/basicprinciples</a> – Code of Conduct ; SR P. 11 Mission statement; CG P. 118 4.10.3 Compliance management; SPAG: <a href="http://www.public-affairs.ch/de/standeskommission/standesregeln">http://www.public-affairs.ch/de/standeskommission/standesregeln</a> Codex from Lissabon: <a href="http://www.prsuisse.ch/sites/all/files/Kodex_von_Lissabon_Verhaltensno1863.pdf">http://www.prsuisse.ch/sites/all/files/Kodex_von_Lissabon_Verhaltensno1863.pdf</a>
G4-57	Advice on ethical and lawful behavior	☑ SR P. 20 Compliance management; CG P. 118 4.10.3 Compliance management; CG P. 119 4.10.4 Internal audit
G4-58	Reporting concerns about unethical or unlawful behavior	☑ See G4-57

#### Generic Disclosures on Management Approach

G4-DMA	Generic Disclosures on Management Approach	☑ SR P. 19 Management approaches
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#### Economic Performance Indicators

	Management approach and objectives	☑ MC P. 29 Corporate strategy and objectives; MC P. 87 Financial Outlook
G4-EC1	Directly generated and distributed economic value	☑ MC P. 85 Statement of added value
G4-EC2	Financial consequences of climate change	☑ MC P. 95 Risks: risk factors: Environment and health; Siehe G4-EN5, G4-EN6, G4-EN7, G4-EN18 und G4-EN26; Link: <a href="http://www.cdp.net">www.cdp.net</a>
G4-EC3	Scope of company's benefits plan	☑ FS P. 174 10 Post-employment benefits; SR P. 55 Pension fund: comPlan; See LA3
G4-EC4	Significant financial contributions from the government	∅ From a Group standpoint there were no matters in 2016 requiring disclosure in accordance with IAS 20 and no government grants at all.
G4-EC5	Entry-level salaries in relation to local minimum wage	☑ MC P. 58 Employee remuneration; SR P. 56 Employees in figures
G4-EC6	Location-based choice of staff	∅ There is no location-based staff selection.
G4-EC7	Investment in infrastructure and services for the good of the community	☑ MC P. 36 Telecommunications Act (TCA); SR P. 64 Basic service provision; SR P. 45 "Internet for Schools" initiative
G4-EC8	Indirect economic effects	☑ MC P. 36 Telecommunications Enterprise Act (TEA) and relationship with the Swiss Confederation; SR P. 64 Networked Switzerland
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	☑ There is a location-based supplier selection for the location Switzerland.

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<b>Ecological Performance Indicators</b>		
		Management approach and objectives <input checked="" type="checkbox"/> SR P. 23 Environment, objectives and management approach
G4-EN1		Materials used <input checked="" type="checkbox"/> SR P. 36 Environmental performance indicators in Switzerland; SR P. 32 Other environmental aspects in the company; Cables, optical fibres and telephone masts
G4-EN2		Recycling material <input checked="" type="checkbox"/> SR P. 36 Environmental performance indicators in Switzerland; SR P. 32 Other environmental aspects in the company; Cables, optical fibres and telephone masts
G4-EN3		Internal energy consumption <input checked="" type="checkbox"/> SR P. 24 Consumption of electricity (green electricity, networks, data centres and buildings); SR P. 26 Efficiency measures when using fossil fuels to generate heat and, consequently, reduce CO <sub>2</sub> emissions; SR P. 26 Efficiency measures in fuel consumption, mobility and CO <sub>2</sub> reduction; SR P. 36 Environmental performance indicators in Switzerland; Separate climate report Swisscom, 2016, available online at the link: <a href="http://www.swisscom.ch/climatereport2016">www.swisscom.ch/climatereport2016</a>
G4-EN4		External energy consumption <input checked="" type="checkbox"/> SR P. 29 CO <sub>2</sub> savings by customers thanks to sustainable ICT services; separate climate report Swisscom 2016, § 2.2 Energy consumption by customers Scope 3 cat. 11 (use of the products) online under: <a href="http://www.swisscom.ch/climatereport2016">www.swisscom.ch/climatereport2016</a>
G4-EN5		Energy intensity <input checked="" type="checkbox"/> SR P. 29 The climate protection target for 2020: 2 to 1; SR P. 14 The most important indicators for the achievement of Swisscom's CR targets
G4-EN6		Energy saving <input checked="" type="checkbox"/> SR P. 24 Energy efficiency: energy consumption and savings; SR P. 36 Environmental performance indicators in Switzerland
G4-EN7		Initiatives for reducing indirect energy consumption <input checked="" type="checkbox"/> SR P. 29 CO <sub>2</sub> savings by customers thanks to sustainable ICT services; SR P. 28 Energy savings for customers thanks to improved devices; SR P. 36 Environmental performance indicators in Switzerland
G4-EN8		Total water withdrawal ∅ SR P. 36 Environmental performance indicators in Switzerland; SR P. 33 Other environmental aspects in the company: water
G4-EN9		Impact of water consumption ∅ Not relevant, as water is only used for sanitary purposes.
G4-EN10		Recycled water <input checked="" type="checkbox"/> Household water only.
G4-EN11		Property in or on the edge of protected areas <input checked="" type="checkbox"/> SR P. 34 Other environmental aspects in the company: Soil and biodiversity
G4-EN12		Effects on biodiversity <input checked="" type="checkbox"/> SR P. 34 Other environmental aspects in the company: Soil and biodiversity
G4-EN13		Protected or recreated natural habitats <input checked="" type="checkbox"/> SR P. 34 Other environmental aspects in the company: Soil and biodiversity
G4-EN14		Endangered species ∅ Not collected as not relevant.
G4-EN15		Direct Greenhouse gas (GHG) emissions (Scope 1) <input checked="" type="checkbox"/> SR P. 24 Energy efficiency: energy consumption and savings; SR P. 36 Environmental performance indicators in Switzerland; separate climate report Swisscom 2016, available online at the link: <a href="http://www.swisscom.ch/climatereport2016">www.swisscom.ch/climatereport2016</a>
G4-EN16		Energy indirect greenhouse gas (GHG) emissions (Scope 2) <input checked="" type="checkbox"/> SR P. 24 Energy efficiency: energy consumption and savings; SR P. 36 Environmental performance indicators in Switzerland; separate climate report Swisscom 2016, available online at the link: <a href="http://www.swisscom.ch/climatereport2016">www.swisscom.ch/climatereport2016</a>
G4-EN17		Other indirect greenhouse gas (GHG) emissions (Scope 3) <input checked="" type="checkbox"/> SR P. 24 Energy efficiency: energy consumption and savings; SR P. 36 Environmental performance indicators in Switzerland; separate climate report Swisscom 2016, available online at the link: <a href="http://www.swisscom.ch/climatereport2016">www.swisscom.ch/climatereport2016</a>
G4-EN18		Greenhouse gas (GHG) emissions intensity <input checked="" type="checkbox"/> SR P. 14 The most important indicators for the achievement of Swisscom's CR targets; separate climate report Swisscom 2016, available online at the link: <a href="http://www.swisscom.ch/climatereport2016">www.swisscom.ch/climatereport2016</a>
G4-EN19		Reduction of greenhouse gas (GHG) emissions <input checked="" type="checkbox"/> SR P. 29 CO <sub>2</sub> savings by customers thanks to sustainable ICT services; SR P. 28 Energy savings for customers thanks to improved devices; SR P. 36 Environmental performance indicators in Switzerland; separate climate report Swisscom 2016, available online at the link: <a href="http://www.swisscom.ch/climatereport2016">www.swisscom.ch/climatereport2016</a>
G4-EN20		Emissions of ozone-reducing substances <input checked="" type="checkbox"/> SR P. 33 Cooling systems and cooling agents
G4-EN21		NO <sub>x</sub> , SO <sub>2</sub> and other air emissions <input checked="" type="checkbox"/> SR P. 36 Environmental performance indicators in Switzerland
G4-EN22		Waste water discharge <input checked="" type="checkbox"/> Water is only used for sanitary purposes.
G4-EN23		Waste by type and method of disposal <input checked="" type="checkbox"/> SR P. 36 Environmental performance indicators in Switzerland; SR P. 34 Other environmental aspects in the company; Waste and recycling
G4-EN24		Significant releases <input checked="" type="checkbox"/> No significant releases known.

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G4-EN25 Dangerous waste according to the Basel Convention	∅	Not relevant. Swisscom did not transport in 2016 waste classified under the Basle Convention.
G4-EN26 Impact of waste water on biodiversity	∅	Not relevant. Waste water is discharged into municipal sewage treatment plants.
G4-EN27 Initiatives to minimise environmental impacts	<input checked="" type="checkbox"/>	SR P. 29 CO <sub>2</sub> savings by customers thanks to sustainable ICT services; SR P. 28 Energy savings for customers thanks to improved devices; SR P. 36 Environmental performance indicators in Switzerland; separate climate report Swisscom 2016, available online at the link: <a href="http://www.swisscom.ch/climatereport2016">www.swisscom.ch/climatereport2016</a>
G4-EN28 Packaging materials	<input checked="" type="checkbox"/>	SR P. 33 Other environmental aspects in the company; Packaging
G4-EN29 Penalties for environmental offences	<input checked="" type="checkbox"/>	No fines or penalties were imposed for non-Compliance Management System with legal requirements in 2016. SR P. 20 Compliance management
G4-EN30 Effects of transportation	<input checked="" type="checkbox"/>	SR P. 26 Efficiency measures in fuel consumption, mobility and CO <sub>2</sub> reduction
G4-EN31 Expenditure on environmental protection	<input type="checkbox"/>	No separate expenditure collected.
G4-EN32 Percentage of new suppliers that were screened using environmental criteria	<input checked="" type="checkbox"/>	SR P. 60 Audits
G4-EN33 Environmental impacts in the supply chain	<input checked="" type="checkbox"/>	SR P. 60 Audits; SR P. 63 Main risk factors in the supply chain
G4-EN34 Grievances about environmental impacts	<input checked="" type="checkbox"/>	No grievances about environmental impacts known in 2016. See SR P. 40 Advice and information on wireless technologies and the environment

#### Social Performance Indicators: Labour practices and humane employment conditions

Management approach and objectives	<input checked="" type="checkbox"/>	MC P. 58 Employee remuneration; SR P. 47 Environment, objectives and management approach; SR P. 52 Staff development
G4-LA1 New hiring and employee turnover	<input checked="" type="checkbox"/>	SR P. 56 Employees in figures
G4-LA2 Benefits for full-time employees	<input checked="" type="checkbox"/>	MC P. 57 Employee representation and union relations; SR P. 55 Fringe benefits
G4-LA3 Maternity and paternity leave (days)	<input checked="" type="checkbox"/>	SR P. 56 Employees in figures
G4-LA4 Notification deadline(s) in relation to key operational changes	<input checked="" type="checkbox"/>	CEA § 3.3 negotiations should be engaged early enough with the contracting unions
G4-LA5 Employees represented on workplace safety committees	<input checked="" type="checkbox"/>	MC P. 57 Employee representation and union relations (100% of staff); SR P. 49 Health and safety in the workplace
G4-LA6 Occupational illness, days lost due to illness and work-related deaths	<input checked="" type="checkbox"/>	SR P. 56 Employees in figures
G4-LA7 Workers with high incidence or high risk of diseases	<input checked="" type="checkbox"/>	SR P. 49 Employee health; SR P. 49 Occupational safety; not relevant for Swisscom
G4-LA8 Work and safety agreements with unions	<input checked="" type="checkbox"/>	SR P. 49 Employee health; SR P. 49 Occupational safety;
G4-LA9 Employee training	<input checked="" type="checkbox"/>	SR P. 52 Staff development
G4-LA10 Lifelong learning programmes	<input checked="" type="checkbox"/>	SR P. 52 Staff development; Language courses/language skills and training opportunities on new media: partnership with the swiss education-portal <a href="http://www.ausbildung-weiterbildung.ch">www.ausbildung-weiterbildung.ch</a>
G4-LA11 Performance evaluation and development planning for employees	<input checked="" type="checkbox"/>	SR P. 56 Employees in figures; MC P. 57 Collective employment agreement (CEA)
G4-LA12 Composition of management bodies and distribution of employees by category	<input checked="" type="checkbox"/>	CG P. 106 4 Board of Directors; CG P. 120 5 Group Executive Board; SR P. 56 Employees in figures
G4-LA13 Salary differences between genders	<input checked="" type="checkbox"/>	MC P. 58 Employee remuneration; SR P. 54 Equal pay; SR P. 56 Employees in figures
G4-LA14 New suppliers that were screened using labor practices criteria	<input checked="" type="checkbox"/>	SR P. 60 Audits
G4-LA15 Impacts for labor practices in the supply chain	<input checked="" type="checkbox"/>	SR P. 60 Audits; SR P. 63 Main risk factors in the supply chain
G4-LA16 Grievances about labor practices	<input checked="" type="checkbox"/>	SR P. 51 Diversity; No incidents known of discrimination in the year 2016.

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#### Social Performance Indicators: Human Rights

	Management approach and objectives	<input checked="" type="checkbox"/>	SR P. 58 Fair supply chain; SR P. 58 Environment, objectives and management approach; Link: <a href="http://www.swisscom.ch/suppliers">www.swisscom.ch/suppliers</a>
G4-HR1	Investment agreements	<input checked="" type="checkbox"/>	The Corporate Responsibility Contract Appendix (CRV) is part of all contracts.
G4-HR2	Training on human rights	<input checked="" type="checkbox"/>	SR P. 48 Raising employee awareness in general and in the area of Corporate Responsibility
G4-HR3	Incidents of discrimination	<input checked="" type="checkbox"/>	SR P. 61 Audit result – Example of commitments with suppliers; Table with problems
G4-HR4	Freedom of association and collective bargaining	<input checked="" type="checkbox"/>	Covered by the mutually agreed obligation to avoid industrial action under collective employment agreement (CEA).
G4-HR5	Child labour	<input checked="" type="checkbox"/>	SR P. 63 Fair supply chain: main risk factors in the supply chain
G4-HR6	Forced labour	<input checked="" type="checkbox"/>	SR P. 63 Fair supply chain: main risk factors in the supply chain
G4-HR7	Training of security staff in human rights	∅	Not relevant: Sub-contracted to Securitas.
G4-HR8	Violation of indigenous rights	∅	Not relevant for company locations, see List of Group companies (MC P. 218 note 40 List of Group companies).
G4-HR9	Operations that have been subject to human rights	∅	No new company locations in 2016.
G4-HR10	New suppliers that were screened using human right criteria	<input checked="" type="checkbox"/>	SR P. 60 Audits
G4-HR11	Human right impacts in the supply chain	<input checked="" type="checkbox"/>	SR P. 60 Audits; SR P. 63 Main risk factors in the supply chain
G4-HR12	Grievances about human right impacts	<input checked="" type="checkbox"/>	No grievances about human right impacts in 2016.

#### Social Performance Indicators: Society

	Management approach and objectives	<input checked="" type="checkbox"/>	SR P. 19 Management approaches
G4-SO1	SR P. 18 Management approaches	<input checked="" type="checkbox"/>	MC P. 48 Swisscom's network and IT infrastructure; SR P. 63 Basic service provision; SR P. 43 Media protection for minors and promoting media skills; SR P. 45 "Internet for Schools" initiative; SR P. 67 Social and cultural commitments
G4-SO2	Operations with impacts on local community	<input checked="" type="checkbox"/>	SR P. 43 Media protection for minors and promoting media skills: Media protection for minors and guidelines on media content
G4-SO3	Corruption risks	<input checked="" type="checkbox"/>	SR P. 14 The most important indicators for the achievement of Swisscom's CR targets; SR P. 20 Compliance management;
G4-SO4	Training on anti-corruption policy	<input checked="" type="checkbox"/>	SR P. 14 The most important indicators for the achievement of Swisscom's CR targets; SR P. 20 Compliance management;
G4-SO5	Incidents of corruption and measures taken	<input checked="" type="checkbox"/>	SR P. 20 Compliance management; No corruption case known in 2016.
G4-SO6	Contributions to parties and politicians	<input checked="" type="checkbox"/>	SR P. 21 Swisscom's responsibility towards the public; Swisscom is politically and confessionally neutral and doesn't support financially political party.
G4-SO7	Legal action as a result of anticompetitive behaviour	<input checked="" type="checkbox"/>	MC P. 36 General conditions: Legal and regulatory environment; FS P. 166 4 Significant accounting judgments, estimates and assumptions in applying accounting policies; FS P. 166 4 and P. 199 28 Provisions: Provisions for regulatory and competition-law proceedings; FS P. 199 29 Contingent liabilities and contingent assets
G4-SO8	Penalties for breaching legal requirements	<input checked="" type="checkbox"/>	SR P. 20 Compliance management; See G4-SO7
G4-SO9	New suppliers that were screened using criteria for impact on society	<input checked="" type="checkbox"/>	SR P. 60 Audits
G4-SO10	Impact on society in the supply chain	<input checked="" type="checkbox"/>	SR P. 60 Audits; SR P. 63 Main risk factors in the supply chain
G4-SO11	Grievances about impacts on society	<input checked="" type="checkbox"/>	No grievances about impacts on society known in 2016. Not relevant for Swisscom.

Indicators	Status	Reference MC = Management Commentary, SR = Sustainability Report, CG = Corporate Governance, RR = Remuneration Report, FS = Financial Statements or Website Swisscom
Key: Indicator according to GRI 4 (within scope of the report) ∅ = not relevant    ☒ = not covered    ☐ = partially covered    ☑ = totally covered		
<b>Social Performance Indicators: Product responsibility</b>		
	Management approach and objectives	☑ SR P. 19 Management approaches
G4-PR1	Percentage of product for which health and safety impacts are assessed for improvement	☑ SR P. 67 Projects carried out as part of Swisscom's Corporate Responsibility; SR P. 40 Low-radiation communications technology; SR P. 43 Media protection for minors and guidelines on media content
G4-PR2	Violations of health standards	☑ Relevant health standards for the mobile network are contained in the ICNIRP Guidelines and, in particular, the ONIR See IO5 Standards for radiation from base station; SR P. 20 Compliance management; No violations of relevant health standards or standards on product labelling detected in 2016.
G4-PR3	Product information	∅ SR P. 41 Duty to provide information on products offered at points of sale; Not relevant for Switzerland, except with respect to Ordinance on the Disclosure of Prices.
G4-PR4	Violations of standards on product labelling	☑ SR P. 20 Compliance management; No violations of standards on product labelling detected in 2016.
G4-PR5	Customer satisfaction	☑ MC P. 55 Customer satisfaction
G4-PR6	Standards in relation to advertising	☑ SR P. 67 Projects carried out as part of Swisscom's Corporate Responsibility; SR P. 20 Responsible marketing
G4-PR7	Violations of marketing standards	☑ SR P. 20 Responsible marketing. No violations of marketing standards detected in 2016.
G4-PR8	Infringement of the protection of customer data	☑ SR P. 20 Compliance management; There were no known reports, complaints or claims resulting of a violation of the protection of customer data in 2016.
G4-PR9	Sanctions due to product and service requirements	☑ SR P. 20 Compliance management; There were no known breaches of product and service provisions in 2016. No fines were imposed.
<b>GRI Telecommunications Sector Supplement: Capital expenditure</b>		
IO1	Capital invested in infrastructure-measures by region	☑ MC P. 81 Capital expenditure
IO2	Net costs for extending service to remote geographic locations and low-income groups which are not profitable. Describe relevant legal requirement in Switzerland	☑ MC P. 48 Network Infrastructure in Switzerland; MC P. 36 Telecommunications Act (TCA); SR P. 65 Basic service provision; Detailed cost calculations for the basic services are not available because Swisscom has not claimed these costs resp. renounced to activate the compensation fund of the Swiss Confederation.
<b>Health and safety</b>		
IO3	Practices to ensure health and safety of field personnel engaged in installing infrastructure	☑ SR P. 49 Employee health; SR P. 40 Occupational safety
IO4	Compliance Management System with the ICNIRP standards for radiation from terminal devices	∅ Not relevant, terminal devices suppliers' responsibility.
IO5	Compliance Management System with the ICNIRP standards	☑ SR P. 41 Certification of the quality assurance system for compliance with ONIR limits; Swisscom complies with the ONIR limits 2016.
IO6	Measures relating to the SAR values of terminal devices	☑ SR P. 40 Research and development in the area of electromagnetic fields; SR P. 41 Duty to provide information on products offered at points of sale (last sentence)
<b>Infrastructure</b>		
IO7	Measures relating to the placement of masts	☑ See under Network planning / coverage: <a href="http://www.swisscom.ch/networkcoverage">www.swisscom.ch/networkcoverage</a> MC P. 48 Network Infrastructure in Switzerland
IO8	Number of stand-alone and shared transmitter masts	☑ MC P. 48 Network Infrastructure in Switzerland

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#### Providing access to telecommunications products and services: Bridging the digital divide

PA1	Strategies and measures in sparsely populated areas	<input checked="" type="checkbox"/>	MC P. 36 Telecommunications Act (TCA); SR P. 65 Basic service provision
PA2	Strategies and measures for overcoming barriers to access and use	<input checked="" type="checkbox"/>	MC P. 36 Telecommunications Act (TCA); SR P. 63 Basic service provision; SR P. 68 Swisscom offerings for people with health problems; SR P. 43 Media protection for minors and promoting media skills; SR P. 45 "Internet for Schools" initiative
PA3	Strategies and measures to ensure availability and reliability of products and services	<input checked="" type="checkbox"/>	MC P. 94 Business interruption; SR P. 65 Basic service provision
PA4	Distribution area and market shares for products and services	<input checked="" type="checkbox"/>	MC P. 40 Market trends in telecoms and IT services
PA5	Number and types of products and services available for low-earners and people without any income	<input checked="" type="checkbox"/>	SR P. 68 Offerings for people with limited financial resources
PA6	Programmes and measures for the provision and maintenance of services in emergency situations	<input checked="" type="checkbox"/>	MC P. 94 Business interruption; Free call number: emergency number 112; fire brigade 118; sanitation number 144 Number with costs: REGA 1414, Air Glacier 1415; road help 140

#### Access to Content

PA7	Strategies and measures to guarantee human rights issues in relation to access and use of telecommunications products and services	∅	Not relevant for the reporting boundary in Switzerland.
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#### Customer relationships

PA8	Strategies and measures for communicating EMF- related issues to the public	<input checked="" type="checkbox"/>	SR P. 40 Low-radiation communications technologies; <a href="http://www.swisscom.ch/radiation">www.swisscom.ch/radiation</a>
PA9	Investments in activities for research on electromagnetic fields	<input checked="" type="checkbox"/>	SR P. 40 Research and development in the area of electromagnetic fields; See <a href="http://www.swisscom.ch/innovation">www.swisscom.ch/innovation</a> ; See <a href="http://www.swisscom.ch/radiation">www.swisscom.ch/radiation</a> ; FS P. 159 3.9 Research and development costs (aggregate)
PA10	Initiatives to guarantee transparent fees and tariffs	<input checked="" type="checkbox"/>	Swisscom discloses its tariff structure and also offers consulting services for optimising customers' fees and tariffs; Link: <a href="http://www.swisscom.ch/mobiletariffs">www.swisscom.ch/mobiletariffs</a>
PA11	Initiatives to advise customers on responsible, efficient and environmentally friendly product use	<input checked="" type="checkbox"/>	SR P. 27 CO <sub>2</sub> savings by customers thanks to sustainable ICT services; SR P. 26 Energy savings for customers thanks to improved devices; See G4-EN27

#### Technology Applications: Resource Efficiency

TA1	Examples of the resource efficiency of telecommunications products and services	<input checked="" type="checkbox"/>	SR P. 29 CO <sub>2</sub> savings by customers thanks to sustainable ICT services; SR P. 28 Energy savings for customers thanks to improved devices; See G4-EN27
TA2	Examples of the replacement of physical objects with telecommunications	<input checked="" type="checkbox"/>	SR P. 29 CO <sub>2</sub> savings by customers thanks to sustainable ICT services; SR P. 28 Energy savings for customers thanks to improved devices; See G4-EN27
TA3	Change in customer behaviour through the use of the above-mentioned products and services	<input checked="" type="checkbox"/>	SR P. 29 CO <sub>2</sub> savings by customers thanks to sustainable ICT services; SR P. 28 Energy savings for customers thanks to improved devices; See G4-EN27; See Survey on Green ICT at <a href="http://www.swisscom.ch/greenict">www.swisscom.ch/greenict</a>
TA4	Effects of the use of the above-mentioned products and services and lessons learned for future development	<input checked="" type="checkbox"/>	SR P. 29 CO <sub>2</sub> savings by customers thanks to sustainable ICT services; SR P. 28 Energy savings for customers thanks to improved devices; See G4-EN27; See Survey on Green ICT at <a href="http://www.swisscom.ch/greenict">www.swisscom.ch/greenict</a>
TA5	Practices in relation to copyright laws	<input checked="" type="checkbox"/>	SR P. 21 Practices in relation to copyright laws