

# Corporate Governance and Remuneration Report

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# Corporate Governance

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

## 1 Principles

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

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

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

The latest versions of these documents as well as their earlier, unamended and superseded versions can be viewed online on the Swisscom website under 'Basic principles'.

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

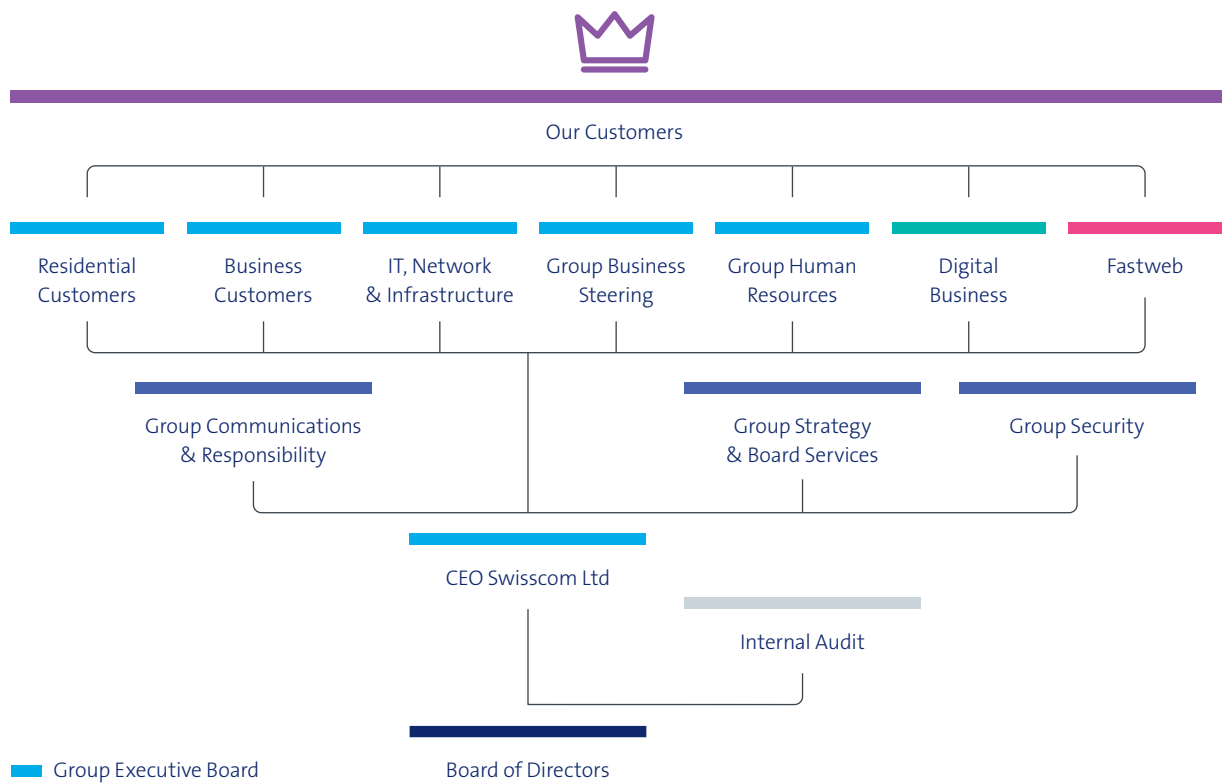
## 2 Group structure and shareholders

### 2.1 Group structure

#### Operational Group structure

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

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



#### Organigram Swisscom Ltd

The business activities are carried out by Swisscom Group companies. Strategic and financial management is assured through the rules governing the assignment of powers and responsibilities set by the Board of Directors of Swisscom Ltd. The Group companies are divided into three categories: strategic, important and other. Swisscom Ltd, Swisscom (Switzerland) Ltd and Fastweb S.p.A. are classified as strategic companies. The members of the Board of Directors and the managing directors of the strategic companies are appointed by the Board of Directors of Swisscom Ltd and elected via the competent statutory bodies. The Board of Directors of Swisscom (Switzerland) Ltd comprises the CEO of Swisscom Ltd as Chairman, the CFO of Swisscom Ltd and the Head of Business Customers. The CEO of Swisscom Ltd is responsible for the executive management of Swisscom (Switzerland) Ltd. Seats on the Board of Directors of Fastweb S.p.A. are held by the CEO of Swisscom Ltd, who acts as Chair, together with the CFO of Swisscom Ltd, the Head of IT, Network & Infrastructure as well as one representative of Swisscom's management. The Board of Directors is supplemented by an independent external member and the delegate of the Board of Directors, who has been empowered with the

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

▫ See report pages 161–162

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

▫ See report page 44

#### Listed company

Swisscom Ltd is a company governed by Swiss law and has its registered office in Ittigen (Canton of Berne, Switzerland). It is listed in the Standard for Equity Securities,

Sub-Standard International Reporting, of the SIX Swiss Exchange (Securities No.: 874251; ISIN: CH0008742519; ticker symbol SCMN).

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

As at 31 December 2021, the stock market capitalisation of Swisscom Ltd was CHF 26,657 million. There are no other listed companies in the Swisscom Group.

## 2.2 Major shareholders

Pursuant to Article 120 of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructures Act; FMIA), there is a duty to disclose a shareholding to Swisscom Ltd and SIX Swiss Exchange whenever a person or group subject to the disclosure obligation reaches, exceeds or falls below 3, 5, 10, 15, 20, 25, 33<sup>1</sup>/<sub>3</sub>, 50 or 66<sup>2</sup>/<sub>3</sub> per cent of the voting rights of Swisscom Ltd, irrespective of whether or not the voting rights can be exercised. The detailed disclosure requirements and the method for calculating these limits are specified in the FINMA Financial Market Infrastructure Ordinance (FMIO-FINMA). Under the FMIO-FINMA, nominee companies which are not able to independently decide how voting rights are exercised are not required to disclose when any of their shareholdings reach, exceed or fall below these limits. As shareholders are only required to notify the company and SIX Swiss Exchange if their shareholdings reach, exceed or fall below one of the limits indicated above, the current percentage of shares actually held by significant shareholders may at any time differ from the percentage most recently disclosed.

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

In the 2021 reporting year, no shareholdings subject to Article 120 FMIA were reported to Swisscom. In August 2017, BlackRock, Inc., New York, reported a shareholding of 3.44% of the voting rights in Swisscom Ltd. According to the Swisscom share register, Chase Nominees Ltd., London, held 4.02% of the voting rights in Swisscom Ltd on 31 December 2021.

The Swiss federal government (Swiss Confederation), as majority shareholder, held 50.95% of the issued share capital of Swisscom Ltd on 31 December 2021, which was unchanged from the previous year. The Telecommunications Enterprise Act (TEA) provides that the Swiss Confederation shall hold the majority of the share capital and voting rights of Swisscom Ltd. The Federal Council defines the goals which the Confederation as principal shareholder of the company aims to achieve in the next four years. As a rule, stakeholder talks with the Chairman of the Board, the CEO and government representative are conducted three times a year by the responsible federal government departments – the Federal Department of the Environment, Transport, Energy and Communications (DETEC) and the Federal Department of Finance (FEF) – led by the Head of DETEC. During these talks, the participants examine the status of target achievement. After the close of the business year, target achievement is assessed by the Federal Council.

☉ See [www.swisscom.ch/ziele\\_2018-2021](http://www.swisscom.ch/ziele_2018-2021)

☉ See [www.swisscom.ch/ziele\\_2022-2025](http://www.swisscom.ch/ziele_2022-2025)

## 2.3 Cross-shareholdings

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

# 3 Capital structure

## 3.1 Capital

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

☐ See report page 178

## 3.2 Shares, participation and profit-sharing certificates

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

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

the printing and delivery of certificates for their shares (registered shares with no right to printed certificates).

The holder of an ADR possesses the rights listed in the Deposit Agreement (e.g. the right to issue instructions for the exercise of voting rights and the right to dividends). The Bank of New York Mellon Corporation, which acts as the ADR depository, is listed as the shareholder in the share register. ADR holders are therefore unable to directly enforce or exercise shareholder rights. The Bank of New York Mellon Corporation exercises the voting rights in accordance with the instructions it receives from the ADR holders. If it does not receive instructions, it does not exercise the voting rights.

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

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

□ See report [page 88](#)

□ See report [page 60](#)

### 3.3 Limitations on transferability and nominee registrations

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

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

□ See report [page 88](#)

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

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

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

### 3.4 Convertible bonds, debenture bonds and options

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

□ See report [pages 124–127](#)

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



## 4 Board of Directors

### 4.1 Members of the Board of Directors

At the Annual General Meeting on 31 March 2021, the Chairman of the Board of Directors, Hansueli Loosli, stepped down from the Board of Directors, having served the maximum permitted twelve-year term of office. Information about him is available in the 2020 corporate governance report. The Annual General Meeting elected

Michael Rechsteiner as the new Chairman of the Board of Directors and Guus Dekkers as a new Board member.

© See [www.swisscom.ch/report2020](http://www.swisscom.ch/report2020)

As of 31 December 2021, the Board of Directors comprised the following non-executive members:

Name	Nationality	Year of birth	Function	Taking office at the Annual General Meeting
Michael Rechsteiner <sup>1</sup>	Switzerland	1963	Chairman	2019
Roland Abt	Switzerland	1957	Member	2016
Alain Carrupt	Switzerland	1955	Member, representative of the employees	2016
Guus Dekkers <sup>2</sup>	Netherlands	1965	Member	2021
Frank Esser	Germany	1958	Deputy Chairman	2014
Barbara Frei	Switzerland	1970	Member	2012
Sandra Lathion-Zweifel	Switzerland	1976	Member, representative of the employees	2019
Anna Mossberg	Sweden	1972	Member	2018
Renzo Simoni <sup>3</sup>	Switzerland	1961	Member, representative of the Confederation	2017

<sup>1</sup> Since 31 March 2021 Chairman.

<sup>2</sup> Elected to the Board of Directors on 31 March 2021.

<sup>3</sup> Designated by the Swiss Confederation.

### 4.2 Education, professional activities and affiliations

Key details of the career and qualifications of each member of the Board of Directors are provided in the summary below, along with the mandates held outside the Group and other significant activities. Pursuant to the Articles of Incorporation, Board members may perform no more than three additional mandates in listed companies and no more than ten additional mandates in

non-listed companies. In total, they may not perform more than ten such additional mandates. These restrictions on the number of mandates do not apply to mandates performed by a Board member by order of Swisscom or to mandates in interest groups, charitable associations, institutions and foundations, or employee retirement-benefit foundations. The number of mandates held by order of Swisscom is limited to ten, while the number of mandates in interest groups, charitable



associations, institutions and foundations, and employee retirement-benefit foundations is limited to seven. The Board members are obligated to consult the Chairman of the Board of Directors prior to accepting new mandates and to immediately advise him of any changes in their professional lives. If the Chairman is concerned, he shall consult or inform the Deputy Chairman. The Chairman or Deputy Chairman, as the case may be, then informs the Board of Directors about these changes and potential conflicts of interest. The issue of affiliations is addressed with the Board of Directors as part of an annual internal training session that focuses on stock exchange regulations. Details on the regulation of external mandates, in particular the definition of the term 'mandate' and information on other mandates that do not fall under the aforementioned numerical restrictions for listed and non-listed companies, are set out in Article 8.3 of the Articles of Incorporation. One member of the Board of Directors exceeds the limits set for mandates in listed companies during a transitional period of six months until the mandate is relinquished at the end of the term of office.

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

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



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

#### **Career history**

1990–2000 various roles at ABB Kraftwerke AG, most recently General Manager of ABB Power Generation Asia, Kuala Lumpur, Malaysia; 2000–2002 Head of Power Plants, Vice President Project Execution, Alstom Power; 2003–2007 Chief Operating Officer, Sultex; 2007–2015 various roles at Alstom Power, most recently CEO and Senior Vice President Power Service; 2015–2017 General Electric (GE) Officer and Vice President of Global Product Lines at GE Power Services; April 2017–March 2021 managerial responsibility for GE Power Services Europe and CEO of GE Gas Power Europe; since April 2021 external advisor to General Electric (Switzerland) GmbH; since March 2021 Chairman of the Board of Directors of Swisscom Ltd

#### **Mandates in non-listed companies**

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

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

Member of the Board of Trustees of General Electric Switzerland Pension Fund

#### **Mandates by order of Swisscom**

Since September 2021 Member of the Board of Directors and the Board Committee of *economiesuisse*

#### **Other significant activities**

Until April 2021 Member of the Board of *Swissmem*





### **Roland Abt**

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

#### **Career history**

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

#### **Mandates in listed companies**

Member of the Board of Directors of Bystronic AG (formerly Conzeta AG), Zurich

#### **Mandates in non-listed companies**

Mandates for Aargau Verkehr AG (AVA), Aarau: Chairman of the Board of Directors of Aargau Verkehr AG, Aarau, Chairman of the Board of Directors of Limmat Bus AG; other mandates: Chairman of the Board of Directors of Eisenbergwerk Gonzen AG, Sargans; Member of the Board of Directors of Raiffeisenbank Zufikon

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

President of the Board of Trustees of Fürsorgestiftung Conzeta, Zurich

#### **Other significant activities**

–



### **Alain Carrupt**

**Swiss school-leaving certificate in economics**

#### **Career history**

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

#### **Mandates**

–

#### **Other significant activities**

President of the association Opération Boule à Zéro, Belfaux



### **Guus Dekkers**

**Master's degree in Computer Science, Radboud University Nijmegen;  
Master of Business Administration, School of Management Rotterdam**

#### **Career history**

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

#### **Mandates**

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#### **Other significant activities**

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



### **Frank Esser**

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

#### **Career history**

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

#### **Mandates in listed companies**

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

#### **Other significant activities**

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

#### **Career history**

1998–2016 ABB Group in various managerial positions, including 2008–2010 ABB s.r.o., Prague, Country Manager; 2010–2013 ABB S.p.A., Sesto San Giovanni (Italy), Country Manager and Regional Manager Mediterranean; 2013–2015 Drives and Control Unit, Managing Director; 2016 Head of Strategic Portfolio Reviews for the Power Grids division; since December 2016 Schneider Electric, Paris: Chair of the Executive Committee of Schneider Electric GmbH, Germany, in which capacity she was also Zone President Germany until June 2017; July 2017–December 2018 Zone President Germany, Austria and Switzerland, January 2019–April 2021 Executive Vice President Europe Operations, since May 2021 Executive Vice President Industrial Automation

#### **Mandates in listed companies**

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

#### **Mandates in non-listed companies**

Mandates for Schneider Electric Group: until July 2021 Chairman of the Board of Directors of Schneider Nordic Baltic A/S; until July 2021 Member of the Board of Directors of Schneider Electric Industries SAS, Rueil Malmaison

#### **Other significant activities**

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

#### **Career history**

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

#### **Mandates in listed companies**

Until December 2021 Member of the Board of Directors, Banque Cantonale du Valais, Sion

#### **Mandates in non-listed companies**

Since December 2021 Member of the Board of Directors of the Raiffeisen Switzerland cooperative, St. Gallen

#### **Other significant activities**

Member of the Advisory Board of the Capital Markets and Technology Association, Geneva; since March 2021 Member of the Executive Board of swissVR, Rotkreuz



**Anna Mossberg**  
Executive MBA for Growing Companies,  
Stanford Business School, Palo Alto, USA;  
Master of Science in Industrial Engineering  
and Management, Luleå University of Technology

#### **Career history**

1996–2010 Telia: in various roles, including Vice President and Head of Business & Product Management, Head of Internet, Consumer Segment, Director Data Services, Product & Services; 2010 Bahnhof AB, CEO; 2011 Stanley Securities AB, Senior Advisor; 2012–2014 Deutsche Telekom, Senior Vice President Strategy and Portfolio Management; 2015–March 2018 Google Ltd, Sweden, member of the Management Team; March 2021 to February 2022 Managing Director Silo AI, Sweden

#### **Mandates in listed companies**

Member of the Board of Directors, Swedbank AB, Stockholm; until April 2022 member of the Board of Directors, Schibsted ASA, Oslo; member of the Board of Directors, Orkla ASA, Oslo; since July 2021 member of the Board of Directors, Bygghälsa AB, Stockholm (listed since 15 October 2021)

#### **Other significant activities**

–



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

#### **Career history**

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

#### **Mandates in non-listed companies**

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

#### **Other significant activities**

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### 4.3 Composition of the Board of Directors

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

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

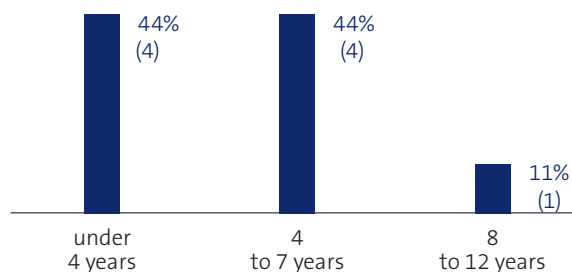
### Board of Directors by career, experience, skills and knowledge

In % and (number of members) as of 31 December 2021



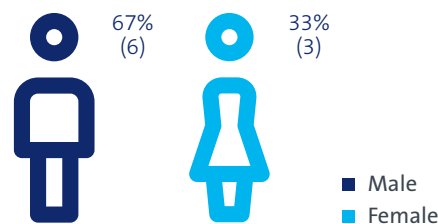
### Board of Directors by length of term of office

In % and (number of members) as of 31 December 2021



### Board of Directors by gender

In % and (number of members) as of 31 December 2021



The Board of Directors of Swisscom Ltd thus already complies with the requirements of Swiss company law regarding gender representation on the boards of directors of listed companies.

### 4.4 Independence

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



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

□ See report page 166

#### 4.5 Election and term of office

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

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

#### 4.6 Succession planning

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

#### 4.7 Ongoing development and continuing education

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

Once a year, a one-day mandatory training course is held, most recently in January 2021 and 2022. At least four times per year, the members of the Board of Directors also have the opportunity to explore in depth the upcoming challenges facing the Group and business divisions as well as the subsidiaries as part of 'company experience days'. The majority of the Board members regularly take advantage of these opportunities. In addition, all the members of the Board of Directors attend the Swisscom Group's annual management meeting whenever possible. New Board members are given a task-specific introduction to their duties. At a one-day introduction, they are provided with an overview of Group management, the business and the current operational challenges. In addition, they are introduced to topics related to the Italian subsidiary Fastweb S.p.A. and attend task-related training courses.

## 4.8 Chairman of the Board of Directors

Hansueli Loosli stepped down as Chairman on 31 March 2021 after reaching the twelve-year term limit. The Annual General Meeting selected Michael Rechsteiner as his successor. The tasks and responsibilities of the Chairman are defined in the Organisational Rules. In the event that the Chairman of the Board of Directors is unavailable or there is a potential conflict of interest, the Vice-Chairman, Frank Esser, takes over the Chairman's tasks and responsibilities.

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

## 4.9 Internal organisation and modus operandi

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

The Board of Directors is usually convened once per month by the Chairman (except in July and November) for a one-to-two-day meeting. Further meetings are convened as business requires (ad-hoc meetings). In the event that the Chairman is hindered, the meeting is convened by the Vice-Chairman. The Chairman sets the agenda. Any Board member may request the inclusion of further items on the agenda. The Board members receive the agenda and supporting documentation approximately ten days prior to the meetings, so that they can

prepare. The CEO, the CFO and the Head of Group Strategy & Board Services always attend the Board meetings as well. At every Board meeting, the Chairman of the Board, the CEO and the Chief Personnel Officer report on particular events, on the general course of business and major business transactions, as well as on any measures that have been implemented. To further ensure appropriate reporting to the members of the Board, the Board of Directors invites members of the Group Executive Board and senior employees of Swisscom as well as auditors and other internal and external experts, as necessary, to all its meetings as dictated by the specific issues being addressed. Furthermore, as a result of the network outages experienced in July 2021, the CEO, in consultation with the Board of Directors, commissioned an external follow-up audit on the audits related to last year's network faults.

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

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

The following table gives an overview of the Board of Directors' meetings and circular resolutions in 2021. The Board of Directors held individual meetings via videoconference due to the measures implemented by the authorities as a result of the Covid-19 pandemic. Members were connected to individual meetings via videoconference.

	Meeting days	Ad-hoc meetings	Circular resolutions
Total	13	2	1
Average duration (in hours)	07:21	02:10	–
Participation:			
Michael Rechsteiner, Chairman <sup>1</sup>	13	2	1
Hansueli Loosli, Chairman <sup>2</sup>	3	2	1
Roland Abt	13	2	1
Alain Carrupt	13	2	1
Guus Dekkers <sup>3</sup>	10	2	1
Frank Esser, Deputy Chairman	13	2	1
Barbara Frei	13	2	1
Sandra Lathion-Zweifel	13	2	1
Anna Mossberg	12	2	1
Renzo Simoni	13	2	1

<sup>1</sup> Since 31 March 2021 Chairman.

<sup>2</sup> Left the Board of Directors on 31 March 2021.

<sup>3</sup> Elected to the Board of Directors on 31 March 2021.



## 4.10 Committees of the Board of Directors

The Board of Directors has delegated individual tasks to committees. The standing committees of the Board of Directors of Swisscom Ltd were constituted as follows as at 31 December 2021:



<sup>1</sup> Called Audit Committee by the end of 2021

<sup>2</sup> Chairman/chairwoman of the Board of Directors committee

<sup>3</sup> No voting rights

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

### Finance Committee

The Finance Committee prepares information for the Board of Directors on corporate transactions, for example, in connection with setting up or dissolving signifi-

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

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The Finance Committee is convened by the Chairman or at the request of a Committee member as often as business requires, but as a rule once per quarter within the framework of a half-day meeting. The CEO, the CFO and the Head of Group Strategy & Board Services always attend the meetings of the Finance Committee. In 2021, all the meetings were also attended by other members of the Group Executive Board, members of the Management Boards of strategic Group companies or project managers, depending on the agenda items. The Finance Committee did not call on any external consultants during the reporting year.

The following table gives an overview of the Finance Committee's meetings and circular resolutions in 2021. The Committee held individual meetings via videoconference due to the measures implemented by the

authorities as a result of the Covid-19 pandemic. Members were connected to individual meetings via videoconference.

	Meetings	Ad-hoc meetings	Circular resolutions
Total	5	–	–
Average duration (in hours)	03:40	–	–
Participation:			
Frank Esser, Chairman	5	–	–
Alain Carrupt	5	–	–
Guus Dekkers <sup>1,2</sup>	4	–	–
Anna Mossberg	5	–	–
Michael Rechsteiner	5	–	–
Hansueli Loosli <sup>3</sup>	1	–	–

<sup>1</sup> Elected to the Board of Directors on 31 March 2021.

<sup>2</sup> Since 31 March 2021 member of the Committee.

<sup>3</sup> Left the Board of Directors on 31 March 2021.

### Audit & ESG Reporting Committee

The Audit & ESG Reporting Committee handles all business relating to financial management (for example, accounting, financial controlling, financial planning, tax strategy and financing), assurance (risk management, the internal control system, compliance and internal audit), data protection and security as well as external audit. It also handles matters dealt with by the Board of Directors that call for specific financial expertise (dividend policy, for example). In 2021, the Committee also addressed the topic of ESG (environment, social and governance) reporting in detail. The Committee is the Board of Directors' most important controlling instrument and is responsible for monitoring the Group-wide assurance functions. It formulates positions on business matters which lie within the decision-making authority of the Board of Directors and has the final say on those business matters for which it has the decision-making authority. Details of the Committee's activities and responsibilities are set out in the rules of procedure of the Audit & ESG Reporting Committee.

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

The Audit & ESG Reporting Committee is composed of four independent members. The Chairman of the Committee is an expert in the financial field, and the majority of the members are experienced in finance and

accounting. The Audit & ESG Reporting Committee is convened by the Chairman or at the request of a Committee member as often as business requires, but at least once per quarter and one additional time in December. The meetings usually last between three and six hours. The CEO, CFO, Head of Group Strategy & Board Services, Head of Accounting, Head of Internal Audit and the external auditors always attend the meetings. In 2021, the Board of Directors called upon other members of the Group Executive Board and Swisscom management to attend, depending on the agenda. The Audit & ESG Reporting Committee can also involve independent third parties such as lawyers, public accountants and tax experts as required. The Committee invited external consultants to one of its meetings during the reporting year.

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

The following table gives an overview of the Audit & ESG Reporting Committee's meetings and circular resolutions in 2021. The Committee held one meeting via videoconference due to the measures implemented by

the authorities as a result of the Covid-19 pandemic. Members were connected to one meeting via video-conference.

	Meetings	Ad-hoc meetings	Circular resolutions
Total	6	–	–
Average duration (in hours)	04:25	–	–
Participation:			
Roland Abt, Chairman <sup>1</sup>	6	–	–
Sandra Lathion-Zweifel	6	–	–
Renzo Simoni	6	–	–
Michael Rechsteiner <sup>2</sup>	5	–	–
Hansueli Loosli <sup>1,3</sup>	1	–	–

1 Financial expert.

2 Since 31 March 2021 member of the Committee.

3 Left the Board of Directors on 31 March 2021.

## Compensation Committee

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

□ See report [page 93](#)

## Nomination Committee

The Nomination Committee is formed on an ad-hoc basis for the purpose of preparing the groundwork for electing new members to the Board of Directors and the Group Executive Board when needed. The Committee is presided over by the Chairman of the Board of Directors and its composition is determined on a case-by-case basis. The Committee carries out its work based on a specific requirements profile defined by the Board of Directors outlining the qualifications and experience sought. It then presents suitable candidates to the Board of Directors, but has no further decision-making authority. The Board of Directors appoints the members of the Group Executive Board and decides upon the motion to be proposed to the Annual General Meeting for the election and approval of members of the Board of Directors. The Nomination Committee is convened by the Chairman or at the request of a Committee member as often as business requires. In the 2021 financial year, a Nomination Committee consisting of Michael Rechsteiner (Chairman), Frank Esser, Barbara Frei and Anna Mossberg held four meetings. The average duration of the meetings was 1 hour and 45 minutes. All members participated.

## Amendment as at 1 January 2022

The Board of Directors revised the corporate responsibility governance in 2021. From 2022 onward, the Board of Directors will assume overall responsibility for ESG issues (environmental, social, governance), approve the sustainability strategy as part of the corporate strategy and monitor compliance with it. The Audit & ESG Reporting Committee

is assigned a key role in the area of sustainability reporting. Accordingly, the Audit Committee has been renamed 'Audit & ESG Reporting Committee' as of January 2022. The new ESG governance is described in the Sustainability Report.

☉ See [www.swisscom.ch/cr-report2021](http://www.swisscom.ch/cr-report2021)

## 4.11 Assignment of powers of authority

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

☉ See [www.swisscom.ch/ziele\\_2018-2021](http://www.swisscom.ch/ziele_2018-2021)

☉ See [www.swisscom.ch/ziele\\_2022-2025](http://www.swisscom.ch/ziele_2022-2025)

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

tional Rules, 'Rules of Procedure and Accountability' (see function diagram).

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

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

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

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

#### Risk management

The Board of Directors has set the objective of protecting the company's enterprise value through the implementation of Group-wide risk management. A corporate culture that promotes the conscious handling of risks facilitates the achievement of this objective. Accordingly, Swisscom has implemented a Group-wide,

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

□ See report page 62

#### Internal control system and financial reporting

The internal control system (ICS) ensures the reliability of financial reporting with an appropriate degree of assurance. It acts to prevent, uncover and correct substantial errors in the consolidated financial statements, the financial statements of the Group companies and the remuneration report. The ICS encompasses the following internal control components: control environment, assessment of accounting risks, control activities, monitoring controls, information and communication. The Accounting unit, which reports to the CFO, manages and monitors the ICS. Internal Audit periodically reviews the functioning and effectiveness of the ICS. Significant shortcomings in the ICS identified during these monitoring and review activities are reported together with the corrective measures in a status report to the Audit & ESG Reporting Committee twice a year and to the Board of Directors on an annual basis. Should the ICS risk assessment change significantly, the Chairman of the Audit & ESG Reporting Committee is informed without delay. Corrective measures to remedy the shortcomings are monitored by the Accounting unit. The Audit & ESG Reporting Committee assesses the performance and effectiveness of the ICS on the basis of the periodic reporting.

## Compliance management

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

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

## Internal auditing

Internal auditing is carried out by the Internal Audit unit. Internal Audit supports the Swisscom Ltd Board of Directors and its Audit & ESG Reporting Committee in fulfilling their statutory and regulatory supervisory and controlling obligations. Internal Audit also supports management by highlighting areas of potential for improving business processes and the assurance functions. It documents the audit findings and monitors the implementation of measures.

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

Internal Audit liaises closely and exchanges information with the external auditors. The external auditors have unrestricted access to the audit reports and audit files of Internal Audit. Based on a risk analysis and in close coordination with the external auditors, Internal Audit prepares the integrated strategic audit plan annually and presents it to the Audit & ESG Reporting Committee for approval. Notwithstanding the above, the Audit & ESG Reporting Committee can commission special audits, also based on information received on the whistle-blowing platform operated by Internal Audit. This reporting procedure, which has been approved by the Audit & ESG Reporting Committee, allows complaints relating to external reporting and financial reporting, among other things, to be submitted anonymously to Internal Audit, which in turn ensures that these will be followed up. At its meetings, which are held at least quarterly, the Audit & ESG Reporting Committee is briefed on audit findings, the reports submitted to the whistle-blowing platform and the status of any corrective measures implemented. The Head of Internal Audit took part in all six meetings of the Audit & ESG Reporting Committee in 2021. He reported on audit findings at one meeting of the full Board of Directors.



## 5 Group Executive Board

### 5.1 Members of the Group Executive Board

In accordance with the Articles of Incorporation, the Executive Board comprises one or more members, who must not be members of the Board of Directors of Swisscom Ltd at the same time. Temporary exceptions are only permitted in exceptional cases. The Board of Directors has delegated responsibility for the overall executive management of Swisscom Ltd to the CEO. The CEO is entitled to delegate his powers to subordinates, mainly to other members of the Group Executive Board. The members of the Group Executive Board are appointed by the Board of Directors. The Board of Directors has appointed Klementina Pejic as Head of Human Resources (CPO) and member of the Group Executive Board with effect from 1 February 2021. She succeeds

Hans Werner, who stepped down with effect from 31 January 2021. The Board of Directors has appointed Eugen Stermetz as Chief Financial Officer (CFO), Head of Group Business Steering and member of the Group Executive Board with effect from 1 March 2021. The current CFO, Mario Rossi, relinquished his position on 28 February 2021. Further information regarding Hans Werner and Mario Rossi can be found in the 2020 Corporate Governance Report.

☉ See [www.swisscom.ch/report2020](http://www.swisscom.ch/report2020)

▣ See report page 66

An overview of the composition of the Group Executive Board as at 31 December 2021 is given in the table below.

Name	Nationality	Year of birth	Function	Appointed to the Group Executive Board as of
Urs Schaeppi <sup>1</sup>	Switzerland	1960	CEO Swisscom Ltd	March 2006
Eugen Stermetz	Austria	1972	CFO Swisscom Ltd	March 2021
Klementina Pejic	Germany	1974	CPO Swisscom Ltd	February 2021
Urs Lehner	Switzerland	1968	Head of Business Customers	June 2017
Christoph Aeschlimann	Switzerland	1977	Head of IT, Network & Infrastructure	February 2019
Dirk Wierzbitzki	Germany	1965	Head of Residential Customers	January 2016

<sup>1</sup> Since November 2013 CEO.



## 5.2 Education, professional activities and affiliations

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

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



### Urs Schaeppi

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

### Career history

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

### Mandates by order of Swisscom

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

### Other significant activities

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





**Eugen Stermetz**

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

**Career history**

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

**Mandates by order of Swisscom**

Since March 2021 Vice President of the Board of Trustees of the comPlan pension fund, Berne

**Other significant activities**

–



**Klementina Pejic**

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

**Career history**

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

**Mandates by order of Swisscom**

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

**Other significant activities**

–



### **Urs Lehner**

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

#### **Career history**

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

#### **Mandates**

–

#### **Other significant activities**

Member of the Advisory Board of BKW Innovation GmbH, Berlin



### **Christoph Aeschlimann**

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

#### **Career history**

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

#### **Mandates**

–

#### **Other significant activities**

Member of Dell’s CIO Advisory Board; since January 2022, member of the Cisco Global Customer Advisory Board, San José



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

#### Career history

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

#### Mandates by order of Swisscom

Member of the Board of Directors of SoftAtHome, Paris

#### Other significant activities

–

### 5.3 Management agreements

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

## 6 Remuneration, shareholdings and loans

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

□ See report [page 93](#)

## 7 Shareholders' participation rights

### 7.1 Voting right restrictions and proxies

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

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

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

In addition to the percentage restriction on voting rights, the Board of Directors may refuse to recognise and enter as shareholders or beneficial holders with voting rights

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

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

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

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

## 7.2 Statutory quorum requirements

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

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

## 7.3 Convocation of the Annual General Meeting and agenda items

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

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

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## 7.4 Representation at the Annual General Meeting

Shareholders may be represented at the Annual General Meeting by another shareholder with voting rights or by the independent proxy elected by the Annual General Meeting. The law firm Reber Rechtsanwälte, Zurich, was appointed as independent proxy for the period up until the conclusion of the Annual General Meeting in March 2022. Partnerships and legal entities may be represented by authorised signatories, while minors and wards may be represented by their legal representative, even if the representative is not a shareholder.

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

In accordance with the measures prescribed by the Federal Council to combat the coronavirus (Covid-19 Ordinance 3), the Annual General Meeting of 31 March 2021 took place without the physical participation of shareholders. Shareholders were able to authorise the independent proxy to cast their votes and execute their instructions on their behalf. The independent proxy cast the votes in person at the Annual General Meeting.

## 7.5 Entries in the share register

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

Annual General Meeting and also published in the financial calendar on the Swisscom website. Shareholders entered in the share register with voting rights as of 5 p.m. on 26 March 2021 were entitled to vote at the Annual General Meeting of 31 March 2021. Shareholders entered in the share register with voting rights as of 5 p.m. on 25 March 2022 are entitled to vote at the Annual General Meeting of 30 March 2022.

## 8 Change of control and defensive measures

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

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

▢ See report page 93

## 9 Auditor

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

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

### 9.2 Audit fees

The fees paid to PwC as auditors for the 2021 financial year amount to CHF 3,084 thousand (prior year: CHF 2,989 thousand).

### 9.3 Supplementary fees

The fees charged by PwC for additional audit-related services in the year under review amounted to CHF 701 thousand (prior year: CHF 802 thousand), and the fees for other services were CHF 120 thousand (prior year: CHF 34 thousand).

Audit-related services include audit services in connection with IT outsourcing orders from business customers, IT projects, reporting requirements related to the outstanding green bonds and the reporting of financial information. Other services include consulting services related to cybersecurity, international VAT in connection with roaming, the reporting of financial information, and the variance analysis for international sustainability certification.

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

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

The statutory auditors, represented by the auditor-in-charge and his deputy, usually attend all Audit & ESG Reporting Committee meetings. They inform the Committee in detail on the performance and results of their work, in particular regarding the annual financial statement audit. They further submit a written report annually to the Board of Directors and the Audit & ESG Reporting Committee on the conduct and results of the audit of the annual financial statements, as well as



on their findings with regard to accounting and the internal control system. Finally, the Chairman of the Audit & ESG Reporting Committee liaises closely with the auditor-in-charge beyond the meetings of the Committee and regularly reports to the Board of Directors. Representatives of PwC, the statutory auditors, attended all six meetings of the Audit & ESG Reporting Committee in 2021. They did not participate in the meetings of the full Board of Directors. The Head of Internal Audit attended all six meetings of the Audit & ESG Reporting Committee in 2021. He reported on audit findings at one meeting of the full Board of Directors.

## 10 Information policy

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

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

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

☉ See [www.swisscom.ch/cr-report2021](http://www.swisscom.ch/cr-report2021)

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

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

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

The comprehensive minutes of the Annual General Meeting of 30 March 2021 and minutes from past meetings are available on the Swisscom website.

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

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

☐ See report [page 185](#)

## 11 Financial calendar

- Annual General Meeting for the 2021 financial year: 30 March 2022, in Volketswil, without the personal attendance of shareholders
- 1<sup>st</sup> Quarter Interim Report: 28 April 2022
- Half-Year Interim Report: 4 August 2022
- 3<sup>rd</sup> Quarter Interim Report: 27 October 2022
- Annual Report 2022: 9 February 2023

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

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

# Letter from the Chair of the Compensation Committee

## Dear Shareholders

On behalf of the Board of Directors and the Compensation Committee, I am pleased to present our Remuneration Report for the 2021 reporting year.

The year under review was shaped by the measures taken to contain the Covid-19 pandemic and a slowly recovering economy. Over the past year, Swisscom was able to successfully assert itself in the saturated IT and telecoms markets, both of which are characterised by strong price and promotional pressure. It did so thanks to top-rated broadband and mobile networks, innovative products and services that have already received multiple awards. On top of that, simplification and a systematic digital transformation were able to reduce the cost base and hone the company's competitive edge. In order to ensure high network quality, Swisscom invested CHF 1.6 billion in Switzerland again last year in the maintenance and expansion of its networks. In Switzerland, Swisscom saw growth in particular in the business customer market for IT services and in the residential customers market for home networking. Once again, Fastweb's performance in the Italian market was impressive, with growth reported in terms of revenue, EBITDA and customers. Swisscom consolidated its role as a pioneer in the area of climate protection with the goal of becoming climate-neutral across the entire value chain in Switzerland by 2025.

With regard to the compensation of the Group Executive Board, the Compensation Committee reviewed the variable remuneration system and proposed adjustments to the Board of Directors. The changes approved by the Board of Directors now tie remuneration even more closely to strategy implementation. They also weight long-term sustainable remuneration criteria more heavily. The variable performance-related salary component for members of the Group Executive Board will continue to be paid out in cash and blocked shares. As in the past, the Group's financial performance indicators play a key role in determining overall target achievement. A new minimum EBITDA requirement was added to supplement the remuneration criteria. The Board of Directors also fleshed out the business transformation topics and added sustainability-related topics. With these changes, the remuneration system not only incorporates financial performance but also indicators relating to operating performance, customers, growth and sustainability. It now reflects our responsibility to make a significant contribution to society's positive development and to pro-

tect the environment. Further details on our commitment can be found in the Sustainability Report.

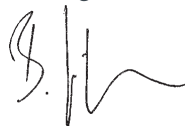
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In addition to the excellent financial results, the year under review also saw exceptional performance in the areas of customer satisfaction and sustainability. In its overall evaluation, the Board of Directors weighed this against operating performance (network faults) that was not entirely satisfactory. This results in an overall target achievement of 118% to 120% for the members of the Executive Committee, depending on their respective functions. As explained in this Remuneration Report, the total remuneration for the members of the Board of Directors for the 2021 reporting year is within the range approved by the 2020 Annual General Meeting. Likewise, the total remuneration paid to members of the Group Executive Board is within the range approved at the 2020 Annual General Meeting.

Like every year, you, dear shareholders, will have an opportunity at the 2022 Annual General Meeting to cast your vote on Swisscom's remuneration principles and the remuneration system as part of the consultative vote on the Remuneration Report. In addition, the maximum total remuneration paid to the Board of Directors and the Group Executive Board for the 2023 financial year will be put to a vote. The proposed amounts for the Board of Directors and the Group Executive Board remain unchanged over the prior year.

To meet up to our responsibilities, the Compensation Committee will conduct regular reviews of the remuneration strategy and system again in the coming year to ensure that our principles are aligned with the interests of shareholders and other stakeholders and that performance is rewarded appropriately and sustainably. We look forward to your continued support and thank you for your trust.

Kind regards



Barbara Frei  
Chair of the Compensation Committee



# Remuneration Report

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

## 1 Governance

### 1.1 General principles

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

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

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As in previous years, the Remuneration Report will be put to a consultative vote at the Annual General Meeting on 30 March 2022.

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

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

General Meeting has already approved the remuneration. In addition, the Articles of Incorporation contain the following provisions relating to the remuneration policy:

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

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

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

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

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

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

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

2 A stands for proposal to the Annual General Meeting.

3 G stands for approval.

4 In the framework of the Articles of Incorporation.

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

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

7 Advisory vote.

### 1.3 Election, composition and modus operandi of the Compensation Committee

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

the members of the Committee and to other members of the Board of Directors on request. The Chairman of the Compensation Committee reports verbally on the activities of the Committee at the next meeting of the Board of Directors. The meetings of the Compensation Committee are generally held in February, June and December. Further meetings can be convened as and when required. The Compensation Committee did not call on any external consultants during the reporting year.

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

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

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

📄 See report page 166

The following table gives an overview of the composition of the Committee, the Committee meetings and circular resolutions in 2021.

	Meetings	Ad-hoc meetings	Circular resolutions
Total	3	–	–
Average duration (in hours)	01:10	–	–
Participation:			
Barbara Frei, Chairwoman	3	–	–
Roland Abt	3	–	–
Frank Esser	3	–	–
Renzo Simoni <sup>1</sup>	3	–	–
Michael Rechsteiner <sup>2,3</sup>	2	–	–
Hansueli Loosli <sup>2,4</sup>	1	–	–

1 Representative of the Confederation.

2 Participation without voting rights.

3 Elected to the Committee on 31 March 2021.

4 Left the Board of Directors on 31 March 2021.

## 2 Remuneration of the Board of Directors

### 2.1 Principles

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

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The remuneration is made up of a fixed Director's fee that varies in relation to the member's function (basic emolument plus functional allowances), statutory and regulatory employer contributions to social security and to the occupational pension, as well as any additional benefits. Additional remuneration is not given

for attendance at meetings. No variable performance-related emoluments are paid. The members of the Board of Directors are obligated to draw a portion of their fee in the form of equity shares and to comply with the requirements on minimum shareholdings, thus ensuring they directly participate financially in the performance of Swisscom's shares.

The remuneration is normally reviewed every December for the following year for ongoing appropriateness. In December 2020, the Board of Directors assessed the appropriateness of the remuneration as part of a discretionary decision. The Board of Directors compared Swisscom's remuneration with that of other listed companies domiciled in Switzerland, which, like Swisscom, must fulfil Swiss and foreign legal requirements, including full personal liability. The Board of Directors used as a comparison the remuneration paid by Compagnie Financière Richemont, Geberit, Givaudan, Lonza, SGS, Sika and Swatch Group. The Board of Directors did not call on any external consultants with regard to the determination of the remuneration nor to review its appropriateness.

## 2.2 Remuneration components

### Director's fee

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

in CHF	2021 Gross	2020 Gross
<b>Base salary per member</b>	146,000	146,000
<b>Functional allowances<sup>1</sup></b>		
Presidium	308,000	308,000
Vice presidium	25,000	25,000
Representative of the Confederation	48,000	48,000
Audit Committee & ESG Reporting, Chair	61,000	61,000
Audit Committee & ESG Reporting, Member	17,000	17,000
Finance Committee, Chair	25,000	25,000
Finance Committee, Member	17,000	17,000
Remuneration Committee, Chair	25,000	25,000
Remuneration Committee, Member	15,000	15,000

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

Under the Management Incentive Plan, the members of the Board of Directors are obligated to draw one third of their Director's fee in the form of shares. For members who resign from the Board of Directors at the Annual General Meeting, the fee is paid fully in cash on a pro rata basis. The shares are allocated on the basis of their tax value, rounded up to whole numbers of shares. Shares are blocked from sale for three years. This restriction on disposal also applies if members leave the company during the blocking period. The shares, which are allocated in April of the reporting year for the reporting year, are recorded at market value on the date of allocation. The share-based remuneration is augmented by a factor of 1.19 in order to take account of the difference between the tax value and the market value. In April 2021, a total of 1,512 shares were allocated to the members of the Board of Directors (prior year: 1,548 shares) with a tax value of CHF 423 per share (prior year: CHF 439). Their market value was CHF 504 (prior year: CHF 522.80) per share.

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

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

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

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

## 2.3 Total remuneration

The total remuneration paid to the individual members of the Board of Directors for the 2020 and 2021 financial years is presented in the tables below, broken down into

individual components. The higher total compensation in 2021 is primarily due to higher contributions to the occupational pension plan.

2021, in CHF million	Base salary and functional allowances				Total 2021
	Cash remuneration	Share-based payment	Employer contributions to pension plan	Employer contributions to SS	
Michael Rechsteiner, Chairman <sup>1</sup>	279	167	47	25	518
Hansueli Loosli, Chairman <sup>2</sup>	126	–	–	–	126
Roland Abt	159	95	35	15	304
Alain Carrupt	109	65	–	8	182
Guus Dekkers <sup>3</sup>	82	49	–	8	139
Frank Esser <sup>4</sup>	152	91	–	–	243
Barbara Frei	124	74	–	12	210
Sandra Lathion-Zweifel	109	65	22	10	206
Anna Mossberg <sup>5</sup>	109	65	–	32	206
Renzo Simoni	151	90	33	14	288
<b>Total remuneration to members of the Board of Directors</b>	<b>1,400</b>	<b>761</b>	<b>137</b>	<b>124</b>	<b>2,422</b>

1 Elected as chairman on 31 March 2021.

2 Left the Board of Directors on 31 March 2021.

3 Elected to the Board of Directors on 31 March 2021.

4 Frank Esser is subject to social security contributions in Germany. No employer contributions are paid.

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

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

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

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

The total remuneration paid to the members of the Board of Directors for the 2021 financial year is within the maximum total amount approved by the 2020 Annual General Meeting (AGM) for 2021 of CHF 2.5 million.

## 2.4 Minimum shareholding requirement

The members of the Board of Directors are required to maintain a minimum shareholding equivalent to one annual emolument (basic emolument plus functional allowances). As a rule, they have four years from the start of their term of office or assumption of a new function to acquire the prescribed shareholding in the form of the blocked shares paid as part of remuneration and, if necessary, through share purchases on the open market, observing internal and legal trading restrictions. Compliance with the shareholding requirement is reviewed annually by the Compensation Committee. If a member's shareholding falls below the minimum

requirement due to a drop in the share price, the difference must be made up by no later than the time of the next review. In justified cases, such as personal hardship or legal obligations, the Chairman of the Board of Directors can approve individual exceptions at his discretion.

## 2.5 Shareholdings of the members of the Board of Directors

As at 31 December 2020 and 2021, the members of the Board of Directors and/or related parties held blocked and non-blocked shares as shown in the table below. None of the individuals required to make notification holds voting shares exceeding 0.1% of the share capital.

Number	31.12.2021	31.12.2020
Michael Rechsteiner	565	233
Hansueli Loosli <sup>1</sup>	–	3,856
Roland Abt	915	726
Alain Carrupt	692	563
Guus Dekkers <sup>2</sup>	148	–
Frank Esser	1,152	972
Barbara Frei	1,336	1,189
Sandra Lathion-Zweifel	367	238
Anna Mossberg	475	346
Renzo Simoni	831	652
<b>Total shares held by the members of the Board of Directors</b>	<b>6,481</b>	<b>8,775</b>

1 Left the Board of Directors on 31 March 2021.

2 Elected to the Board of Directors on 31 March 2021.

## 3 Remuneration of the Group Executive Board

### 3.1 Principles

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

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

The remuneration of the Group Executive Board is a balanced combination of fixed and variable salary components. The fixed component is made up of a base salary, fringe benefits (mainly a car allowance) and retirement benefits. The variable remuneration includes a performance-related component settled partly in cash and partly in shares.

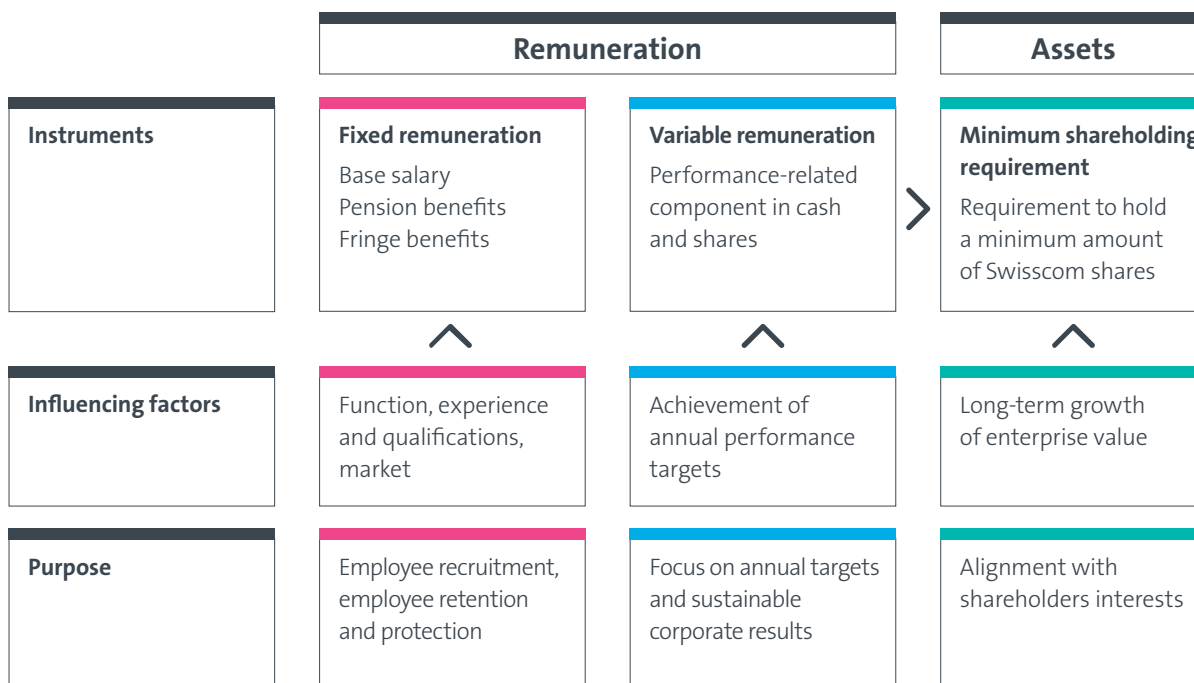
The members of the Group Executive Board are required to hold a minimum shareholding, which strengthens their direct financial participation in the medium-term performance of the Swisscom share and thus aligns their interests with those of shareholders. To facilitate compliance with the minimum shareholding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

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

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# Remuneration system

Remuneration components and determining factors



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

For the purpose of assessing market values, Swisscom relies on cross-sector market comparisons with Swiss companies as well as international sector comparisons. These two comparative perspectives allow Swisscom to form an optimal overview of the relevant employment market for managerial positions. In the year under review, Swisscom consulted a national and international comparative study conducted by Willis Towers Watson in 2020. The comparison with the Swiss market covers twelve major companies domiciled in Switzerland from various sectors, with the exception of the financial and pharmaceutical sectors. On average, these companies generate revenue of CHF 14.63 billion and employ 16,403 people. The international sector comparison covers telecommunications companies from eight western European countries with median revenue of CHF 7.5 billion and a median workforce of 19,500 employees. The evaluation of the two comparative studies takes into account the comparability of the extent of responsibility in terms of revenue, number of employees and international scope. In 2020, both the Compensation Committee and the Board of Directors took an in-depth look at the further development of the remuneration system. A consultancy firm was called on in order to review the existing

remuneration system from an external perspective and factor in the latest developments. This company had no other Swisscom mandates. The Compensation Committee did not call on any external consultants during the reporting year.

As a rule, the Compensation Committee reviews the individual remuneration paid to members of the Group Executive Board every three years of employment. The Board of Directors made no adjustments to the salary of any member of the Group Executive Board during the year under review.

## 3.2 Remuneration components

### Base salary

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

### Variable performance-related salary component

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



out depends on the extent to which the targets are achieved, as set by the Compensation Committee, taking into account the performance evaluation by the CEO. If targets are exceeded, the performance-related bonus may amount to no more than 130% of the target bonus. The maximum performance-related salary component is thus limited to 91% of the base salary. This ensures that the performance-related salary component does not exceed the annual base salary, even taking account of the market value of the component paid in shares.

#### Targets and achievement of targets for the variable performance-related salary component

The Board of Directors adjusted the targets for the variable performance-related component during the year under review. This was done to:

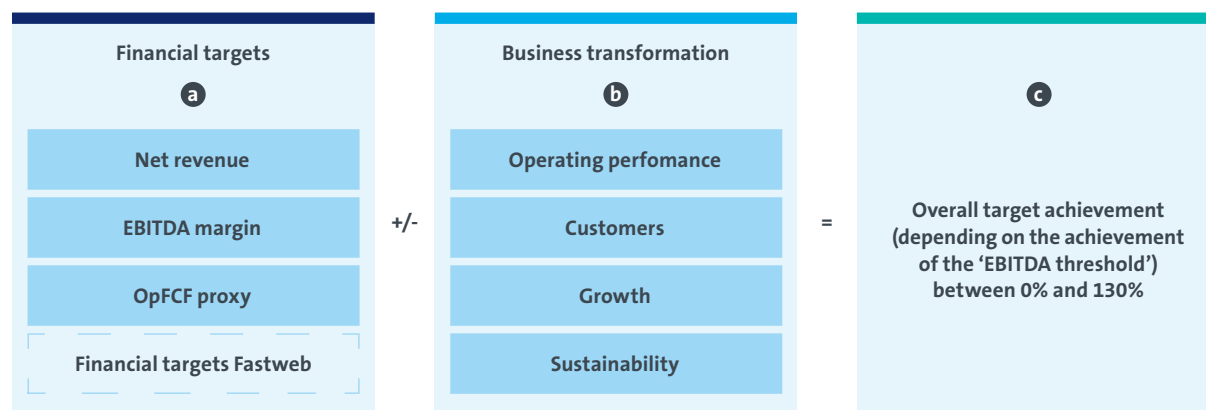
- reduce complexity
- align the targets more closely with the interests of shareholders
- specifically take long-term and sustainable aspects into consideration

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

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

## Determination of target achievement

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



#### a) Financial targets

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

The financial targets include net revenue, operating income before interest, taxes, depreciation and amortisation as a percentage of net revenue (EBITDA margin),

and operating free cash flow proxy. The Group Executive Board members delegated by Swisscom to the Board of Directors of the Italian subsidiary Fastweb S.p.A. are also measured on the basis of the Fastweb financial targets.

The Compensation Committee's decision is based on an assessment of the extent to which financial targets have been met using a scale for the overachievement and/or underachievement of each target. The achievement of an individual target can vary from 0% to 200%. The achievement of the financial targets is determined according to the weighting of the individual targets and cannot exceed 200% overall.

## Weighting of financial targets

Financial targets	Weighting CEO, CFO and Head of IT, Network & Infrastructure	Weighting other members of Group Executive Board
Net revenue	24%	30%
EBITDA margin	24%	30%
Free cash flow proxy	32%	40%
Financial targets Fastweb	20%	0%

### b) Business transformation

The topics relevant to Swisscom's long-term success are summarised under the term 'business transformation'. These topics sharpen the degree to which compensation is focused on shareholder interests even further by allowing Swisscom's performance, which is geared to the long term, to be assessed even more comprehensively. As a result, indicators on market share, network and service stability and reputation have been included in the assessment of operating performance. The topic of customers includes customer satisfaction as measured by the Net Promoter Score for residential and business customers; this is a recognised indicator of customer loyalty. Growth is measured on the basis of innovation indicators and the implementation of strategic projects, while the new topic of sustainability includes indicators on employee satisfaction and

Swisscom's contribution toward protecting the environment (CO<sub>2</sub> reduction; ESG criterion). This therefore incorporates Swisscom's responsibility to help promote society's positive development and protect the environment into the remuneration system. Further information on customer satisfaction can be found in the Management Commentary. Further information on Swisscom's contribution to the environment and society can be found in the Sustainability Report.

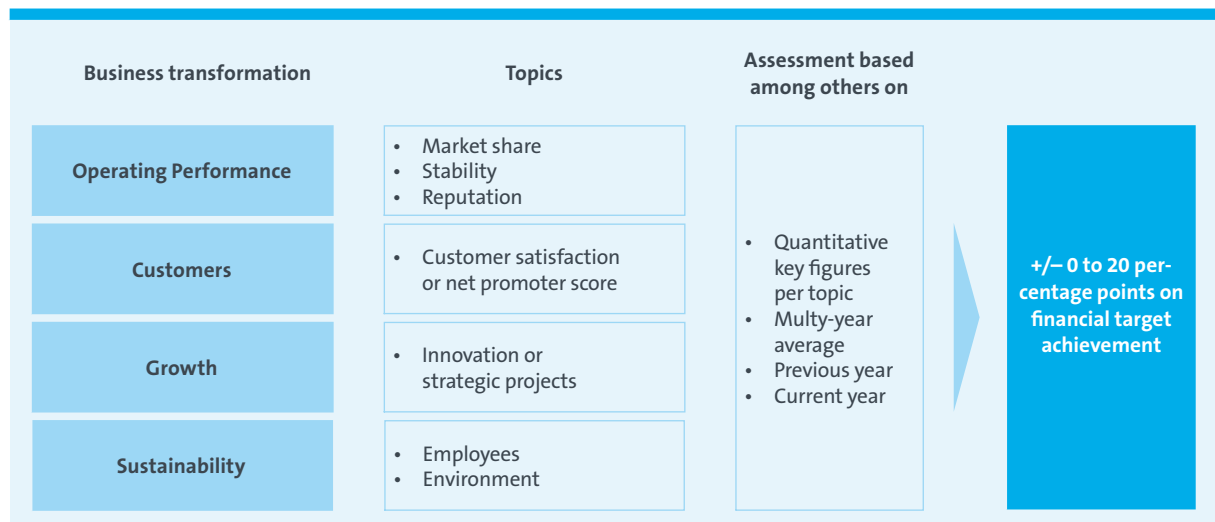
□ See report page 39

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

## Business transformation topics

Securing long-term success

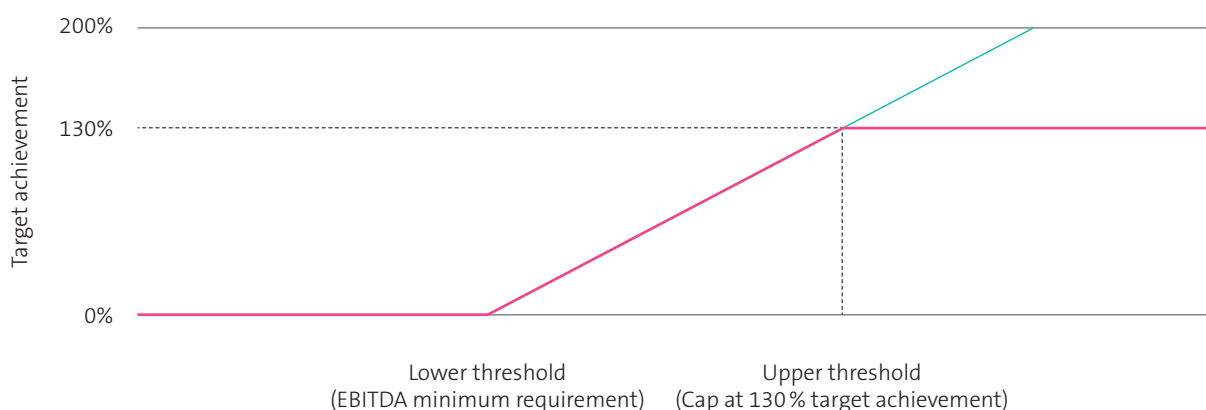


### c) Overall target achievement

Overall target achievement is calculated based on achievement of financial targets plus or minus the business transformation assessment. In order to ensure that this definition of overall target achievement appropriately describes the Group's performance and reflects shareholders' interests in terms of long-term value creation, the Compensation Committee may, in exceptional situations, exercise its discretion in determining the overall target achievement in order to appropriately depict

actual management performance. In doing so, it may take into account certain special factors e.g. currency fluctuations, extraordinary financial effects or unforeseen industry and market developments. The overall achievement of targets is limited to a maximum of 130%. Based on the overall achievement of targets, the Compensation Committee submits a proposal for the approval of the Board of Directors for the amount of the performance-related salary component to be paid to the Group Executive Board and the CEO.

## Thresholds for overall target achievement



### Payment of the variable performance-related salary component

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

The share-based remuneration disclosed in the year under review is augmented by a factor of 1.19 in order to take account of the difference between the market value and the tax value. The market value is determined as of the date of allocation. The allocation of shares for the year under review will be made in March 2022.

In April 2021, a total of 1,454 shares (prior year: 1,452 shares) with a tax value of CHF 423 (prior year: CHF 439) per share and a market value of CHF 504 (prior year: CHF 522.80) per share were allocated for the 2020 financial year to the members of the Group Executive Board.

### Pension fund and fringe benefits

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

information about this is provided in Note 4.3 to the consolidated financial statements.

□ See report pages 151-156

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

### 3.3 Total remuneration

The following table shows the total remuneration paid to the members of the Group Executive Board for the 2020 and 2021 financial years, broken down into individual components and including the highest amount paid to one member. In the year under review, the financial targets relevant to remuneration were considerably

exceeded. At the same time, expectations were also exceeded in the context of the business transformation. This mainly related to the topics of customers and sustainability. The EBITDA threshold was reached. The resulting overall target achievement of the performance-related component is 118% of the target bonus for the CEO and between 118 and 120% for the other members of the Group Executive Board. The Board of Directors took network faults into account when determining target achievement. In the year under review, the variable performance-related salary component for members of the Group Executive Board (CHF 2,769 thousand in total) was around 88% of the base salary (CHF 3,165 thousand in total). The total remuneration paid to the highest-earning member of the Group Executive Board (CEO, Urs Schaeppi) increased by 5.7% compared to the prior year. The increase in total remuneration paid to the Group Executive Board and the CEO is primarily attributable to the higher variable remuneration as compared to the prior year.

In CHF thousand

Fixed base salary paid in cash	3,165	3,221	882	882
Variable performance-related remuneration paid in cash	1,916	1,708	547	477
Variable performance-related remuneration paid in shares <sup>1</sup>	853	731	217	189
Service-related and non-cash benefits	118	109	17	18
Employer contributions to social security <sup>2</sup>	526	510	146	139
Retirement benefits	766	796	149	148
<b>Total remuneration to members of the Group Executive Board</b>	<b>7,344</b>	<b>7,075</b>	<b>1,958</b>	<b>1,853</b>
Benefits paid following retirement from Group Executive Board <sup>3</sup>	1,026	190	–	–
<b>Total remuneration paid to Group Executive Board, incl. benefits paid following retirement from Board</b>	<b>8,370</b>	<b>7,265</b>	<b>1,958</b>	<b>1,853</b>

Total Group Executive Board 2021	Total Group Executive Board 2020	Thereof Urs Schaeppi 2021	Thereof Urs Schaeppi 2020
3,165	3,221	882	882
1,916	1,708	547	477
853	731	217	189
118	109	17	18
526	510	146	139
766	796	149	148
<b>7,344</b>	<b>7,075</b>	<b>1,958</b>	<b>1,853</b>
1,026	190	–	–
<b>8,370</b>	<b>7,265</b>	<b>1,958</b>	<b>1,853</b>

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

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

3 Contractual compensation payments made during the notice period to Group Executive Board members who resigned from Board during the financial year or in 2020.

Total remuneration paid to the members of the Group Executive Board for the 2021 financial year is within the maximum total amount approved by the 2020 Annual General Meeting (AGM) for 2021 of CHF 8.7 million.

### 3.4 Minimum shareholding requirement

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

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

### 3.5 Shareholdings of the members of the Group Executive Board

Blocked and non-blocked shares held by members of the Group Executive Board and/or related parties as at

Number	31.12.2021	31.12.2020
Urs Schaeppi (CEO)	5,445	5,069
Eugen Stermetz <sup>1</sup>	–	–
Mario Rossi <sup>2</sup>	–	1,897
Klementina Pejic <sup>3</sup>	–	–
Hans C. Werner <sup>4</sup>	–	1,588
Urs Lehner	1,019	821
Christoph Aeschlimann	422	145
Dirk Wierzbitzki	1,323	1,122
<b>Total shares held by the members of the Group Executive Board</b>	<b>8,209</b>	<b>10,642</b>

1 Elected to the Group Executive Board on 1 March 2021.

2 Left the Group Executive Board on 28 February 2021.

31 December 2020 and 2021 are shown in the table below. None of the individuals required to make notification holds voting shares exceeding 0.1% of the share capital.

3 Elected to the Group Executive Board on 1 February 2021.

4 Left the Group Executive Board on 31 January 2021.

### 3.6 Employment contracts

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

## 4 Other remuneration

### 4.1 Remuneration for additional services

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

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

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

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

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

### 4.3 Loans and credits granted

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

In the 2021 financial year, Swisscom did not grant any collateral, loans, advances or credit facilities of any kind either to former or current members of the Board of Directors or related parties, or to former or current members of the Group Executive Board or related parties. There are therefore no corresponding receivables outstanding.

# Report of the statutory auditor

to the General Meeting of Swisscom Ltd

Ittigen

We have audited the remuneration report of Swisscom Ltd for the year ended 31 December 2021. The audit was limited to the information according to articles 14 - 16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies contained in the sections 2.3, 2.5, 3.3, 3.5 and 4.1 to 4.3 on pages 93 to 104 of the remuneration report.

## Board of Directors' responsibility

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

## Auditor's responsibility

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

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

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

## Opinion

In our opinion, the remuneration report of Swisscom Ltd for the year ended 31 December 2021 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Peter Kartscher  
Audit expert  
Auditor in charge

Petra Schwick  
Audit expert

Zürich, 2 February 2022

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