

# Corporate Governance

Corporate governance is a fundamental component of Swisscom's corporate policy. Swisscom is committed to practising good corporate governance as part of its aim to deliver long-term value for shareholders, customers, employees and other interest groups. Transparency and clearly assigned responsibilities are the cornerstones of this commitment. Swisscom complies with the guidelines of the SIX Swiss Exchange and the provisions of the Swiss Code of Obligations and takes account of the recommendations of *economiesuisse* contained in the Swiss Code of Best Practice for Corporate Governance.

## Principles

Swisscom practises effective corporate governance in the interest of its shareholders, customers, employees and other interest groups. Transparency in financial reporting, as well as clearly assigned responsibilities governing interactions with shareholders, the Board of Directors, the Group Executive Board and Group companies, are the cornerstones of Swisscom's corporate governance policy. As a company listed on the SIX Swiss Exchange, Swisscom complies with the provisions of the Directive on Information relating to Corporate Governance issued by the SIX Swiss Exchange, as well as Articles 663b<sup>bis</sup> and 663c Paragraph 3 of the Swiss Code of Obligations. Swisscom also complies with the recommendations of the Swiss Code of Best Practice for Corporate Governance issued by *economiesuisse*, the umbrella organisation representing Swiss business. As of 1 January 2014, Swisscom is also subject to the Ordinance Against Excessive Compensation in Listed Stock Companies (OaEC) of 20 November 2013, which replaces Article 663b<sup>bis</sup> of the Swiss Code of Obligations and contains more detailed regulations concerning the remuneration paid to the Board of Directors and Group Executive Board. 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. These documents are regularly reviewed and revised as and when necessary.

Of particular importance is the Code of Conduct approved by the Board of Directors. It contains a 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 version of these documents as well as revised or superseded versions can be viewed online on the Swisscom website under "Basic Principles".

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

## 1 Corporate structure and shareholders

### 1.1 Group structure

#### 1.1.1 Operational Group structure

Swisscom Ltd is the holding company responsible for overall management of the Swisscom Group. It comprises six Group divisions: Group Business Steering, Group Strategy & Innovation (from 2014 Group Strategy & Board Services), Group Communications & Responsibility, Group Human Resources, Group Security and Group Participation Management (until end of 2013). Strategic and financial management of the autonomous Group companies, which are divided into three categories (strategic, important and other), is assured through the assignment of powers and responsi-

bilities by the Board of Directors of Swisscom Ltd. Seats on the Board of Directors of the “strategic” company Fastweb S.p.A. are held by the CEO Swisscom Ltd as Chairman (this position was held ad interim by the Chief Financial Officer (CFO) from August to 17 December 2013), together with the CFO and other representatives of Swisscom. Seats on the Board of Directors of the “strategic” company Swisscom IT Services Ltd are held by the CEO Swisscom Ltd as Chairman (this position was held ad interim by the Head of Group Related Businesses from August to December 2013), together with the CFO and other representatives of Swisscom. In addition, the Boards of Directors of these two strategic companies are supplemented by external members. Swisscom is represented on the Board of Directors of the “strategic” company Swisscom (Switzerland) Ltd by the CEO Swisscom Ltd as Chairman (this position was held ad interim by the CFO from August to December 2013), together with other members of the Group Executive Board with the exception of the head of Swisscom (Switzerland) Ltd. In the case of the “important” Group companies, the responsibilities of the Chairman of the Board are fulfilled by the CEO of a “strategic” Group company, the head of a Group division or another person appointed by the CEO. Other representatives of Swisscom are also members of the Board of Directors.

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The Group structure is shown in the Management Commentary in the section on Group structure and organisation. A list of Group companies, including company name, registered office, percentage of shares held and share capital, is given in Note 41 to the consolidated financial statements. For the purposes of segment reporting in the consolidated financial statements, reporting is divided into the segments “Residential Customers”, “Small and Medium-Sized Enterprises”, “Corporate Business”, “Wholesale” and “Network & IT”, which are grouped together as “Swisscom Switzerland”, as well as “Fastweb” and “Other Operating Segments”, notably Swisscom IT Services, Group Related Businesses (formerly Swisscom Participations) and Swisscom Hospitality Services. “Group Headquarters”, which includes inter alia the Group divisions Worklink AG and Swisscom Re Ltd, are reported separately.

#### Changes as of 2014

Swisscom streamlined its Group structure as of 1 January 2014. As of this date, the activities of Swisscom IT Services Ltd are to be integrated into the operations of Swisscom (Switzerland) Ltd. Pending its legal integration, Swisscom IT Services Ltd is no longer being managed as a strategic Group company. From 2014 onwards the operations of Swisscom (Switzerland) Ltd are to be managed by the Group Executive Board, which is now composed of the CEO, the heads of the Group divisions Group Business Steering and Group Human Resources and the heads of the divisions Residential Customers, Small and Medium-Sized Enterprises, Enterprise Customers and IT, Network & Innovation. As of 1 January 2014 the Board of Directors of Swisscom (Switzerland) Ltd comprise the CEO, the CFO and the Head of the IT, Network & Innovation division.

#### 1.1.2 Listed company

Swisscom Ltd, a company governed by Swiss law and headquartered in Ittigen (canton of Berne, Switzerland), is listed in the Main Standard of the SIX Swiss Exchange (Securities No. 874251; ISIN Code: CH0008742519; Ticker Symbol: SCMN). Trading in the United States is conducted over-the-counter (OTC) as a Level 1 programme (Symbol: SCMWY; ISIN No.: CH008742519; CUSIP for ADR: 871013108). At 31 December 2013, the Swisscom Ltd had a stock market capitalisation of CHF 24,394 million.

### 1.2 Disclosure notifications of significant shareholders

Information on significant shareholders must be made available if any disclosure notifications pursuant to Article 20 of the Federal Act on Stock Exchanges and Securities Trading are made during the financial year. There is a duty to disclose shareholdings where a person or group subject to the disclosure obligation reaches, exceeds or falls below 3, 5, 10, 15, 20, 25, 33<sup>1/3</sup>, 50 or 66<sup>2/3</sup> per cent of the voting rights of Swisscom Ltd.

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There were no disclosure notifications in the year under review. Information on significant shareholders can be found in Note 8 to the financial statements of Swisscom Ltd.

### 1.3 Cross-shareholdings

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

## 2 Capital structure

### 2.1 Capital

At 31 December 2013, the share capital of Swisscom Ltd amounted to CHF 51,801,943, divided into registered shares with a par value of CHF 1 per share. The shares are fully paid-up.

### 2.2 Authorised and conditional capital

There is no authorised or conditional share capital.

### 2.3 Changes in capital

The share capital was unchanged in the years 2011 to 2013. During this period, changes in shareholders' equity of Swisscom Ltd in the stand-alone financial statements under commercial law were as follows:

In CHF million	Share capital	Capital surplus reserves	Reserve for treasury shares	Retained earnings	Total equity
<b>Balance at 1 January 2011</b>	<b>52</b>	<b>255</b>	<b>1</b>	<b>4,841</b>	<b>5,149</b>
Net income	–	–	–	474	474
Dividends paid	–	(234)	–	(854)	(1,088)
Proceeds from sale of treasury shares	–	–	(1)	1	–
<b>Balance at 31 December 2011</b>	<b>52</b>	<b>21</b>	<b>–</b>	<b>4,462</b>	<b>4,535</b>
Net income	–	–	–	1,749	1,749
Dividends paid	–	–	–	(1,140)	(1,140)
<b>Balance at 31 December 2012</b>	<b>52</b>	<b>21</b>	<b>–</b>	<b>5,071</b>	<b>5,144</b>
Net income	–	–	–	239	239
Dividends paid	–	–	–	(1,140)	(1,140)
<b>Balance at 31 December 2013</b>	<b>52</b>	<b>21</b>	<b>–</b>	<b>4,170</b>	<b>4,243</b>

On 20 April 2011 the Annual General Meeting approved the conversion of CHF 466 million of capital contribution reserves to free reserves and the payment of these together with other free reserves of CHF 622 million as a dividend. The dividend for the 2010 financial year was set at CHF 21 per share, with CHF 9 paid from capital contribution reserves and CHF 12 from free reserves. The Annual General Meetings held on 4 April 2012 and 4 April 2013 approved an ordinary dividend of CHF 22 per share respectively.

### 2.4 Shares, participation certificates

Each registered share of Swisscom Ltd has a par value of CHF 1. Each share entitles the holder to one vote. Voting rights can only be exercised if the shareholder has 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. For further details, see Section 6 "Shareholders' participation rights".

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

Swisscom Ltd has issued no participation certificates.

## 2.5 Profit-sharing certificates

Swisscom Ltd has issued no profit-sharing certificates.

## 2.6 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 any special restrictions. Swisscom has issued special regulations governing the registration of trustees and nominees in the share register. To facilitate tradability of the company's shares on the stock exchange, the Articles of Incorporation allow the Board of Directors, by means of regulations or agreements, to permit the fiduciary entry of registered shares with voting rights by trustees and nominees exceeding the threshold of 5%, 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 of 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. In accordance with this provision in the Articles of Incorporation, which can be amended with an absolute majority of the voting shares cast, the Board of Directors has issued regulations governing the entry of trustees and nominees in the Swisscom share register. The entry of trustees and nominees as shareholders with voting rights is subject to application and the conclusion of an agreement specifying the entry restrictions and disclosure obligations of the trustee or nominee. In particular, each trustee or nominee undertakes, within the limit of 5%, to request entry as a shareholder with voting rights for the account of an individual beneficial owner for no more than 0.5% of the registered share capital of Swisscom Ltd entered in the commercial register. No exceptions for the fiduciary entry of registered shares with voting rights above the aforementioned percentage restriction were granted in the 2013 financial year.

## 2.7 Convertible bonds, debenture bonds and options

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Swisscom has no convertible bonds outstanding. Details of the debenture bonds are given in Note 26 to the consolidated financial statements.

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Swisscom does not issue options on registered shares of Swisscom Ltd to its employees. The Management Incentive Plan of Swisscom Ltd is described in Note 11 to the consolidated financial statements.

# 3 Board of Directors

## 3.1 Members of the Board of Directors

The Board of Directors of Swisscom Ltd currently comprises nine members, none of whom holds or has held an executive role within the Swisscom Group in any of the three business years prior to the period under review. The Board members have no significant commercial links with Swisscom Ltd or the Swisscom Group. The Swiss Confederation, represented on the Board by Hans Werder, owns a majority stake in Swisscom. Customer and supplier relationships exist between the Swiss Confederation and Swisscom. Details of these are given in Note 37 to the consolidated financial statements.

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An overview of the composition of the Board of Directors at 31 December 2013, including the functions of each member within the Board, the year they were first elected and their remaining tenure, is given in the table below:

Name	Year of birth	Function	Initial year of office	Appointed until <sup>10</sup>
Hansueli Loosli <sup>1, 2, 3, 4, 5</sup>	1955	Chairman	2009	2015
Barbara Frei <sup>1</sup>	1970	Member	2012	2014
Hugo Gerber <sup>2</sup>	1955	Member, representative of the employees	2006	2014
Michel Gobet <sup>1</sup>	1954	Member, representative of the employees	2003	2015
Torsten G. Kreindl <sup>3, 6</sup>	1963	Member	2003	2015
Catherine Mühlemann <sup>1</sup>	1966	Member	2006	2014
Richard Roy <sup>2, 7</sup>	1955	Deputy Chairman	2003	2014
Theophil Schlatter <sup>3, 8</sup>	1951	Member	2011	2015
Hans Werder <sup>1, 3, 9</sup>	1946	Member, representative of the Confederation.	2011	2015

<sup>1</sup> Member of the Finance Committee.

<sup>2</sup> Member of the Audit Committee.

<sup>3</sup> Member of the Compensation Committee (Hansueli Loosli without voting rights).

<sup>4</sup> Since 21 April 2009 Member of the Board of Directors, since 1 September 2011 Chairman.

<sup>5</sup> Chairman of Nomination Committee (ad hoc).

<sup>6</sup> Chairman of Finance Committee.

<sup>7</sup> Chairman of Remuneration Committee.

<sup>8</sup> Chairman of Audit Committee.

<sup>9</sup> Designated by the Swiss Confederation.

<sup>10</sup> After the general meeting 2014 all members of the Board of Directors are elected for 1 year.

### 3.2 Education, professional activities and affiliations

Details of career and qualifications are provided below for each member of the Board of Directors. Other activities and affiliations such as mandates in important companies, organisations and foundations, and permanent functions in important interest groups are also shown.



### Hansueli Loosli

*Swiss citizen*

**Education:** Commercial apprenticeship; Swiss Certified Accountant and Controller  
**Career history:** 1982–1985 Controller, Deputy Director, Mövenpick Produktions AG, Adliswil; 1985–1992 latterly Managing Director, Waro AG, Volketswil; 1992–1996 Director of Non-Food Product Procurement, Coop Switzerland, Wangen; 1992–1997 Managing Director, Coop Zurich, Zurich; 1997–2000 Chairman of the Executive Committee and Coop Group Executive Committee, Coop Switzerland, Basel; January 2001–August 2011 Chief Executive Officer and Chairman of the Executive Committee, Coop Genossenschaft, Basel

**Other mandates:** Member of the Executive Committee, economiesuisse; Chairman of the Board of Directors, Coop Gruppen Genossenschaft, Basel; Chairman of the Board of Directors, Transgourmet Holding AG, Basel; Chairman of the Board of Directors, Bell AG, Basel; Chairman of the Board of Directors, Coop Mineraloel AG, Allschwil; member of the Advisory Board of Deichmann SE, Essen, since September 2013



### Barbara Frei

*Swiss citizen*

**Education:** Degree in mechanical engineering, ETH; doctorate (Dr. sc. techn.), ETH; Master of Business Administration, IMD Lausanne

**Career history:** Since 1998 various managerial positions in the ABB Group; 2008–2010 Country Manager, ABB s.r.o., Prague; 2010–2013 Country Manager, ABB S.p.A., Sesto San Giovanni, and Regional Manager Mediterranean; since November 2013 Global Business Unit Manager Drives and Control

**Other mandates:** Vice-Chairman, ABB SA Greece until October 2013; Chairman of the Board of Directors, ABB SA France, until October 2013; Chairman of the Board of Directors, ABB Holding SA Turkey, until October 2013; member of the Board of Directors, ASEA Brown Boveri S.A. Spain, until October 2013; member of the Board of Directors of ABB Beijing Drive Systems Co. Ltd., Beijing, since December 2013



### Hugo Gerber

*Swiss citizen*

**Education:** Diploma in postal services; IMAKA management programme; diploma in personnel and organisational development, Solothurn University of Applied Sciences, Northwestern Switzerland

**Career history:** 1986–1990 General Secretary ChPTT; 1991–1999 General Secretary, Association of the unions of the Christian transport and government personnel (VGCV); 2000–2003 General Secretary of the Transfair Union; 2003–2008 President of the Transfair Union; since 2009 independent consultant

**Other mandates:** Member of SUVA Board of Directors until December 2013; member of the Publica federal pensions commission until June 2013; RUAG Pension Fund Board of Trustees, Berne; member of the Management Committee, Swiss Travel Fund (Reka) Cooperative, until April 2013; member of the Board of Directors, Worklink AG, Berne; member of the Board of Directors, KPT Versicherungen AG, until April 2013; member of the Board of Directors and Secretary of POSCOM Ferien Holding AG, Berne, since April 2013



### Michel Gobet

*Swiss citizen*

**Education:** Degree in history

**Career history:** General Secretary and Deputy General Secretary, PTT Union; since 1999 General Secretary of the syndicom trade union

**Other mandates:** Member of the World Executive Committee, UNI Global Union; member of the European ICTS Steering Committee, UNI Global Union; member of the Board of Directors, Swiss Post Ltd, Berne; member of the Board of Directors, GDZ AG, Zurich, since March 2013



### Torsten G. Kreindl

*Austrian citizen*

**Education:** Doctorate in industrial engineering (Dr. techn.)

**Career history:** Chemie Holding AG; W. L. Gore & Associates Inc.; member of the Management Board, Booz Allen & Hamilton, Germany; 1996–1999 CEO, Broadband Cable Business, Deutsche Telekom, and CEO, MSG Media Services; 1999–2005 partner, Copan Inc.; since 2005 partner, Grazia Group Equity GmbH, Stuttgart, Germany

**Other mandates:** Member of the Supervisory Board, Pictet Digital Communications/Pictet Fund Management, Geneva; member of the Board of Directors, XConnect Global Networks Ltd., London, UK; member of the Board of Directors, Starboard Storage Systems Inc., Boulder, Colorado, USA; Independent Director, Hays plc, London, since June 2013



### Catherine Mühlemann

*Swiss citizen*

**Education:** Lic. phil I; Swiss Certified PR Consultant

**Career history:** 1994–1997 Head of Media Research, Swiss Television DRS; 1997–1999 programme researcher SF1 and SF2, 1999–2001 programme director TV3; 2001–2003 Managing Director, MTV Central; 2003–2005 Managing Director, MTV Central & Emerging Markets; 2005–2008 Managing Director, MTV Central & Emerging Markets and Viva Media AG (Viacom); 2008–2012 Andmann Media Holding GmbH, Baar

**Other mandates:** Member of the Supervisory Board, Messe Berlin GmbH; member of the Supervisory Board, Kabel Deutschland Holding AG; member of the Board, Switzerland Tourism



### Richard Roy

*German citizen*

**Education:** Degree in engineering (university of applied sciences)

**Career history:** 1991–1995 member of the Executive Board, Hewlett Packard GmbH; 1995–1997 member of the Management Board and Executive Vice President, Siemens Nixdorf Informationssysteme AG; 1997–2001 CEO, Microsoft GmbH, Germany; 2001–2002 Senior Vice President, Corporate Strategy, Microsoft EMEA, Paris, France; since 2002 independent management consultant

**Other mandates:** Member of the Supervisory Board, Update Software AG, Vienna



### Theophil Schlatter

*Swiss citizen*

**Education:** Degree in business administration (lic. oec. HSG); qualified Public Accountant

**Career history:** 1979–1985 public accountant, STG Coopers & Lybrand; 1985–1991 controller, Holcim Management und Beratung AG; 1991–1995 CFO and member of the Executive Committee, Sihl Papier AG; 1995–1997 Head of Finance/Administration and member of the Executive Committee, Holcim (Switzerland) Ltd; 1997–March 2011 CFO and member of the Group Executive Board, Holcim Ltd

**Other mandates:** Member of the Board of Directors, Implenia AG, until March 2013; Chairman of the Board of Directors, PEKAM AG, Mägenwil; member of the Board of Directors, Schweizerische Cement-Industrie-Aktiengesellschaft, Rapperswil-Jona



### Hans Werder

*Swiss citizen*

**Education:** Dr. rer. soc.; lic. iur.

**Career history:** 1987–1996 General Secretary, Berne Directorate of Public Works, Transport and Energy (BVE); 1996–2010 General Secretary, Federal Department of the Environment, Transport, Energy and Communications (DETEC)

**Other mandates:** Member of the Board of Directors, BLS AG, Berne

### 3.4 Composition, election and term of office

With the exception of the representative of the Swiss Confederation, the Board of Directors of Swisscom Ltd is elected by shareholders at the Annual General Meeting. It currently comprises nine members. However, under the terms of the Articles of Incorporation it may comprise between seven and nine members and, if necessary, the number can be increased temporarily. Until now the members have been elected individually for a term of two years. Members may retire or be discharged prior to expiry of the term. As of 1 January 2014, the Annual General Meeting will elect the members and the Chairman of the Board of Directors for one year in accordance with the Ordinance Against Excessive Compensation in Listed Stock Companies (OaEC) of 20 November 2013. The term of office runs until the conclusion of the following Annual General Meeting.

The maximum term of office for members elected by the Annual General Meeting is twelve years. Members who reach the age of 70 retire from the Board as of the date of the next Annual General Meeting.

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. Hans Werder is currently the sole representative. The maximum term of office or age limit for the federal representative is determined by the Federal Council. Under the terms of the Telecommunications Enterprise Act (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 must include two employee representatives. These are currently Hugo Gerber and Michel Gobet.

### 3.5 Internal organisation

The Board of Directors is convened by the Chairman and meets as often as business requires. If the Chairman is unavailable, the meeting is convened by the Deputy Chairman. The CEO and CFO Swisscom Ltd are regularly invited to the meetings of the Board of Directors. The Chairman sets the agenda. Any Board member may request the inclusion of further items on the agenda. Board members receive documents prior to the meeting to allow them to prepare for the items on the agenda. The Board of Directors may invite members of the Group Executive Board, senior employees of Swisscom, auditors or other experts to attend its meetings in order to ensure appropriate reporting to members of the Board. Furthermore, the Chairman of the Board of Directors and the CEO report to each meeting of the Board of Directors on particular events, on the general course of business and major business transactions, as well as on any measures that have been implemented.

The Board of Directors has three standing committees and one ad-hoc committee tasked with carrying out detailed examinations of matters of importance. The committees consist of between four and six members. Each member of the Board of Directors also sits on at least one of the standing committees. The Chairman is a member of all three standing committees; these are chaired by other Board members. The latter brief the Board of Directors on the committee meetings held. All members of the Board of Directors also receive copies of all Finance and Audit Committee meeting minutes. The duties and responsibilities of the Board of Directors are defined in the Organisational Regulations, those of the standing committees in the relevant committee regulations. The latest version of these documents as well as revised or superseded versions can be viewed online on the Swisscom website under "Basic Principles".

The Board of Directors and the Audit Committee conduct self-assessments, usually once a year. The Board of Directors also supports the ongoing education of this body. It held a training course at the beginning of 2013. During the year various members also attended selected lectures and seminars. Wherever possible, the Board of Directors also attends the Swisscom Group's annual management meeting.

The following table gives an overview of the Board of Directors' meetings, conference calls and circular resolutions taken in 2013 as well as the participation of the individual members.

	Meetings	Conference calls	Circular resolutions
Total	10	1	1
Average duration (in hours)	9:45	1	–
Participation:			
Hansueli Loosli, Chairman	10	1	1
Barbara Frei	10	1	1
Hugo Gerber	10	1	1
Michel Gobet	10	1	1
Torsten G. Kreindl	10	1	1
Catherine Mühlemann	10	1	1
Richard Roy	10	1	1
Theophil Schlatter	10	1	1
Hans Werder	10	1	1

### 3.6 Committees of the Board of Directors

The composition, tasks and powers of the Board of Directors' committees as at 31 December 2013 are described below. Information is also provided on the frequency of the respective committee meetings, the average duration of the meeting and the members' attendance.

#### Finance Committee

This Committee is chaired by Torsten G. Kreindl; the other members are Barbara Frei (until the end of 2013), Michel Gobet, Hansueli Loosli, Catherine Mühlemann and Hans Werder (until the end of 2013). The CEO, CFO and the CSO usually attend meetings of the Finance Committee. Depending on the agenda, other members of the Group Executive Board, the Management Boards of the strategic Group companies or project managers are also called upon to attend the meetings. The Committee prepares materials for the attention of the Board of Directors on transaction-related matters, for example, in connection with establishing or dissolving important Group companies, acquiring or disposing of significant shareholdings, or entering into or terminating strategic alliances. The Committee also acts in an advisory capacity on matters relating to major investments and divestments. The Finance Committee has the ultimate decision-making authority when it comes to approving rules of procedure and directives in the areas of mergers and acquisitions and corporate venturing. Details of the Committee's activities are set out in the Finance Committee rules of procedure. The latest version of these documents as well as revised or superseded versions can be viewed online on the Swisscom website under "Basic Principles".

The following table gives an overview of the Finance Committee meetings, conference calls and circular resolutions taken in 2013, as well as the participation of the individual members.

	Meetings	Conference calls	Circular resolutions
Total	4	–	–
Average duration (in hours)	4:05	–	–
Participation:			
Torsten G. Kreindl, Chairman	4	–	–
Barbara Frei	3	–	–
Michel Gobet	4	–	–
Hansueli Loosli	4	–	–
Catherine Mühlemann	4	–	–
Hans Werder	4	–	–

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### Audit Committee

This Committee is chaired by Theophil Schlatter, who is a financial expert; other members are Hugo Gerber, Hansueli Loosli, Richard Roy and Hans Werder (from 2014). The CEO, CFO, Head of Accounting, Head of Internal Audit and the external auditors also attend the Audit Committee meetings. Depending on the agenda, other management members are called upon to attend. All members are independent, i.e. they 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. The Audit Committee handles all financial management business (for example, accounting, financial controlling, financial planning and financing), assurance (risk management, the internal control system, compliance and the internal audit) and the external audit. It also handles matters dealt with by the Board of Directors that call for specific financial expertise (dividend policy, for example). The Committee is therefore 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 corresponding competence. Details of the Committee's activities are set out in the Audit Committee rules of procedure. The latest version of these documents as well as revised or superseded versions can be viewed online on the Swisscom website under "Basic Principles".

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The following table gives an overview of the Audit Committee meetings, conference calls and circular decisions taken in 2013, as well as the participation of the individual members.

	Meetings	Conference calls	Circular resolutions
Total	5	–	1
Average duration (in hours)	5:30	–	–
Participation:			
Theophil Schlatter, Chairman	5	–	1
Hugo Gerber	5	–	1
Hansueli Loosli	5	–	1
Richard Roy	5	–	1

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### Compensation Committee

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

### Nomination Committee

This 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. The Committee is presided over by the Chairman and the composition of the Committee 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 and presents suitable candidates to the Board of Directors. The Board of Directors elects the members of the Group Executive Board and submits the proposal for presentation to the Annual General Meeting for the election and approval of members of the Board of Directors. Two Nomination Committees were formed in 2013: one to nominate a member of the Board of Directors (members: Hansueli Loosli, Michel Gobet, Torsten G. Kreindl, Catherine Mühlemann, Theophil Schlatter, Hans Werder) and one to nominate the CEO (members: Hansueli Loosli, Hugo Gerber, Richard Roy, Theophil Schlatter, Hans Werder). The Committees convened on three occasions; all members were present at the meetings, which lasted on average an hour.

### 3.7 Assignment of powers of authority

The Telecommunications Enterprise Act (TEA) makes reference to the Swiss Code of Obligations in respect of 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 first and foremost for the overall management and supervision of persons entrusted with managing the company's operations.

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[www.swisscom.ch/  
targets\\_2010-2013](http://www.swisscom.ch/targets_2010-2013)

It decides on the appointment and removal of members of the Group Executive Board of Swisscom Ltd. It also determines the strategic, organisational, financial planning and accounting guidelines, taking into account the four-year targets set by the Federal Council in accordance with the provisions of the Telecommunications Enterprise Act (TEA) and the intentions of the Swiss Confederation in its role as principal shareholder.

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[www.swisscom.ch/  
targets\\_2014-2017](http://www.swisscom.ch/targets_2014-2017)

The Board of Directors has delegated day-to-day business management to the CEO in accordance with the TEA, the Articles of Incorporation and the Organisational Regulations. In addition to its statutory duties, the Board of Directors decides on business transactions of major importance to the Group, such as the acquisition or disposal of companies with a financial exposure in excess of CHF 20 million, or investments or divestments 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 Annex 2 to the Organisational Regulations (see function table in Rules of Procedure and Accountability). The latest version of these documents as well as revised or superseded versions can be viewed online on the Swisscom website under "Basic Principles".

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

### 3.8 Information instruments of the Board of Directors vis-à-vis the Group Executive Board

The Chairman of the Board of Directors and the CEO meet once or twice a month to discuss fundamental issues concerning Swisscom Ltd and its Group companies. The CEO also reports in detail at each ordinary meeting of the Board of Directors on the general course of business, major events and any measures taken. The Board of Directors also receives a monthly report on all key performance indicators of the Group and all segments containing important Group companies. In addition, the Board of Directors receives quarterly detailed information on the course of business and on the financial position, results of operations, cash flows and risk position of the Group and the segments. It also receives projections for the income statement, cash flow statement and balance sheet for the current financial year. Internal financial reporting is carried out in accordance with the same accounting principles and standards as external reporting. Reporting also includes key non-financial information for controlling and steering purposes. Each member of the Board of Directors is entitled to request information on any matters relating to the Group at any time, provided this does not conflict with any abstention provisions or confidentiality obligations. The Board of Directors is also informed immediately of any events of an exceptional nature.

The Board of Directors deals with the areas of risk management, the internal financial reporting control system (ICS) and compliance management in detail once a year, on the basis of a written and oral report. The Audit Committee examines risk management in detail four times a year, on the basis of a report which includes all significant ICS and compliance risks. The Committee approves the integrated strategic audit plan and examines the Internal Audit reports at least four times a year. In urgent cases the Chairman of the Audit Committee is informed without delay about any significant new risks. He is also informed in a timely manner if there is a significant change in assessed compliance or ICS risks or if serious breaches in compliance (including violation of rules that are designed to ensure reliable financial reporting) are detected or currently being examined.

### 3.9 Controlling instruments of the Board of Directors vis-à-vis the Group Executive Board

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

#### 3.9.1 Risk Management

Swisscom's approach to risk management complies with established risk management standards, most notably COSO II and ISO 31000. The Group-wide risk management of Swisscom is aimed at safeguarding the company's enterprise value. This is assured by maintaining a recognised and appropriate Group-wide risk management system as well as comprehensive, meaningful, level-appropriate reporting, appropriate documentation and a risk-aware corporate culture. Risk management covers risks in the areas of strategy, operations, compliance and financial reporting.

The Board of Directors delegates responsibility for implementing the risk management system to the CEO Swisscom Ltd. Risk Management reports to the CFO. It coordinates all organisational units charged with risk management tasks and systematically manages them as required for reporting purposes.

The main risks to which Swisscom Ltd and its Group companies are exposed are identified in a comprehensive risk analysis. Each risk is assigned a risk owner. To enable the early identification, assessment and management of risks and their inclusion in strategic planning, the central Risk Management unit collaborates closely with the Controlling department, the Strategy department and other departments concerned. The risks are assessed according to their probability of occurrence and their qualitative and quantitative effects in the event of occurrence, and managed on the basis of a risk strategy. The risks are evaluated in terms of their impact on key performance indicators reported by Swisscom. The risk profile is reviewed and updated quarterly. The Audit Committee and the Group Executive Board are informed about significant risks, their potential effects and the status of corrective measures on a quarterly basis, and the Board of Directors on an annual basis. The essential risk factors are described in the Risks section of the Management Commentary.

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page 67–70

#### 3.9.2 Internal control system

The internal control system (ICS) is designed, set up and maintained so as to ensure the reliability of external financial reporting with sufficient assurance. The design of the ICS is based on the internationally recognised COSO II risk framework. The system encompasses the internal control components: control environment, assessment of financial statement accounting risks, control activities, monitoring activities, information and communication. The implementation and effectiveness of the ICS is monitored periodically by a central ICS team and by Internal Audit. If any significant shortcomings in the ICS are detected during monitoring, the Audit Committee and the Board of Directors are notified in the periodic reports. Corrective action to remedy shortcomings is monitored centrally. A report on the internal control system is drawn up quarterly for the Audit Committee and once a year for the Board of Directors. The Audit Committee assesses the performance and reliability of the ICS.

#### 3.9.3 Compliance management

Based on guidelines and objectives issued by the Board of Directors, Swisscom operates a central compliance system aimed at ensuring Group-wide compliance with legal requirements and other external regulations with comparable legal implications. The Board of Directors receives a full Group-wide compliance risk assessment report once a year. The Audit Committee receives a quarterly report on significant compliance risks.

### 3.9.4 Internal auditing

Internal auditing is carried out by the Internal Audit unit. Internal Audit supports the Swisscom Board of Directors and the Audit Committee in carrying out their statutory and regulatory supervisory and controlling obligations. It draws the attention of management to potential areas where business processes can be improved, documents audit findings and monitors any measures implemented.

Internal Audit is responsible for planning and performing audits throughout the Group in compliance with guidelines promulgated by the profession. It conducts an objective audit and evaluation of the appropriateness, efficiency and effectiveness in particular of the governance and control processes, the operational processes and the assurance functions of risk management, the internal control system and compliance in all organisational units in the Swisscom Group.

Internal Audit possesses maximum independence. Organisationally it is under the control of the Chairman of the Board of Directors and reports to the Audit Committee. At its meetings, the Audit Committee is briefed on audit findings and the status of any corrective measures implemented. In addition to ordinary reporting, Internal Audit informs the Audit Committee of any irregularities which come to its attention.

Internal Audit liaises closely and exchanges information with the external auditors. The external auditors have unrestricted access to the audit reports and audit documents of Internal Audit. Internal Audit closely coordinates audit planning with the external auditors. The integrated strategic audit, which includes the coordinated annual plan of both the internal and external auditors, is prepared annually on the basis of a risk analysis and presented to the Audit Committee for approval. Independently of this audit, the Audit Committee can commission ad-hoc audits based on information received on the whistle-blowing platform operated by Internal Audit. The reporting procedure approved by the Audit Committee ensures the anonymous and confidential receipt and handling of complaints relating to external reporting, financial reporting and assurance function issues. The Chairman of the Board of Directors and the Chairman of the Audit Committee are informed of notifications received and a report is drawn up at least once a year for the Audit Committee.

## 4 Group Executive Board

### 4.1 Members of the Group Executive Board

In accordance with the Articles of Incorporation, the Group Executive Board must comprise one or more members who may not simultaneously be members of the Board of Directors of Swisscom Ltd. Temporary membership of the Board of Directors is only permitted in exceptional cases. Accordingly, the Board of Directors has delegated responsibility for overall executive management of Swisscom Ltd to the CEO. The CEO is entitled to delegate his powers to subordinates, in the first instance to other members of the Group Executive Board. The members of the Group Executive Board are appointed by the Board of Directors.

On 23 July 2013, the CEO of Swisscom Ltd, Carsten Schloter, passed away. Urs Schaeppi, CEO of Swisscom (Switzerland) Ltd and deputy CEO Swisscom Ltd assumed control of the Group Executive Board ad interim. On 7 November 2013, the Board of Directors appointed him as the new CEO of Swisscom Ltd. Jürgen Galler, head of the Group division Group Strategy & Innovation left the Group Executive Board as of 7 November 2013.

As part of the reorganisation as of 1 January 2014 the Group Executive Board was enlarged and was composed of the CEO Swisscom Ltd, the heads of the Group divisions Group Business Steering (CFO) and Group Human Resources (CPO) and the heads of the divisions Residential Customers, Small and Medium-Sized Enterprises, Enterprise Customers and IT, Network & Innovation.

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An overview of the composition of the Group Executive Board at 1 January 2014, including the function of each member within the Group and the year of their appointment, is given below.

Name	Year of birth	Function	Appointed as of
Urs Schaeppi <sup>1</sup>	1960	CEO Swisscom Ltd	November 2013
Mario Rossi <sup>2</sup>	1960	CFO Swisscom Ltd	January 2013
Hans C. Werner	1960	CPO Swisscom Ltd	September 2011
Andreas König <sup>3</sup>	1965	Head of the division Enterprise Customer	October 2012
Roger Wüthrich-Hasenböhler <sup>4</sup>	1961	Head of the division Small and Medium-Sized Enterprises	January 2014
Heinz Herren <sup>4</sup>	1962	Head of the division IT, Network & Innovation	January 2014
Marc Werner	1967	Head of the division Residential Customers	January 2014

<sup>1</sup> Since 2006 member of the Group Executive Board, from July to November 2013 CEO ad interim.

<sup>2</sup> From March 2006 to December 2007 CFO Swisscom Ltd and member of the Group Executive Board.

<sup>3</sup> By the end of 2013 CEO of Swisscom IT Services.

<sup>4</sup> In 2012 Member of the Swisscom Group Executive Board.

## 4.2 Education, professional activities and affiliations

Details of career and qualifications are provided below for each member of the Group Executive Board. Other activities and affiliations such as mandates in important companies, organisations and foundations, and permanent functions in important interest groups are also shown.



### Urs Schaeppi

*Swiss citizen*

**Education:** Degree in engineering (Dipl. Ing. ETH) and business administration (lic. oec. HSG).

**Career history:** 1987–1991 Iveco Motorenforschungs AG; 1991–1994 Head of Marketing, Electronics Production, Ascom AG; 1994–1998 plant manager, Biberist paper factory; 1998–2006 Head of Commercial Business and member of the Executive Board, Swisscom Mobile Ltd; 2006–2007 CEO, Swisscom Solutions Ltd; 2007–August 2013 Head of Corporate Business, Swisscom (Switzerland) Ltd; January–December 2013 Head of Swisscom (Switzerland) Ltd; 23 July–6 November 2013 acting CEO Swisscom Ltd ad interim; since 7 November 2013 CEO Swisscom Ltd  
Since March 2006 member of the Swisscom Group Executive Board

**Other mandates:** Member of the Board of Directors, BV Group, Berne, until December 2013; deputy member of the Executive Board, Swiss Telecommunications Association (asut), since September 2013 (not yet formally elected)



### Mario Rossi

*Swiss citizen*

**Education:** Certified public accountant

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

**Other mandates:** Member of the Sanctions Committee, SIX Swiss Exchange Ltd, Zurich; Vice President of the Board of Trustees, comPlan, Baden



### Hans C. Werner

*Swiss citizen*

**Education:** PhD in business administration, Dr oec.

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

Since September 2011 member of the Swisscom Group Executive Board

**Other mandates:** Member of the Board of Trustees, comPlan, Baden; member of the Board, Swiss Employer's Association, Zurich; member of the Advisory Board of the international institute of management in technology (iimt) at the University of Fribourg, since June 2013



### Andreas König

*Austrian citizen*

**Education:** Degree in mechanical engineering (Dipl. Ing. ETH)

**Career history:** 1989–1990 MacNeal-Schwendler; 1990–1996 Silicon Graphics, 1996–October 2012 various positions at NetApp, including as Vice President, Central and Eastern Europe from 2001–2004; 2004–2007 Vice President, Sales, EMEA; 2007–September 2012 Senior Vice President and General Manager EMEA; October 2012–December 2013 CEO, Swisscom IT Services.; since 1 January 2014 Head of the division Enterprise Customers Swisscom

Since October 2012 member of the Swisscom Group Executive Board



### Marc Werner

Swiss citizen

**Education:** Swiss certified marketing executive; Senior Executive Programme (London Business School); Senior Management Programme (University of St. Gallen)

**Career history:** 1997–2000 Head of Marketing and Sales and member of the Board of Directors, Minolta (Schweiz) AG; 2000–2004 Head of Marketing & Sales, member of the Executive Board, Bluewin AG; 2005–2007 Head of Marketing & Sales Residential Customers, Swisscom Fixnet Ltd; 2008–2011 Head of Marketing & Sales Residential Customers and Deputy Head of Residential Customers, Swisscom (Switzerland) Ltd; 2012–2013 Head of Customer Service Residential Customers and Deputy Head of Residential Customers, Swisscom (Switzerland) Ltd; since September 2013 Head of the division Residential Customers Swisscom

Since January 2014, member of the Swisscom Group Executive Board

**Other mandates:** Member of the Board of Directors, Net-Metrix AG, Zurich; member of the Executive Board, simsa (industry association of Swiss internet business), Zurich; member of the Executive Board, IAA (International Advertising Association) Swiss Chapter, Zurich



### Roger Wüthrich-Hasenböhler

Swiss citizen

**Education:** Degree in electronic engineering (HTL), Executive MBA HSG

**Career history:** 2000–2005 Head of Business Customer Sales, Swisscom Mobile Ltd; 2006–2007 Head of Marketing and Sales, Swisscom Solutions Ltd; 2008–2010 Head of Marketing and Sales, Swisscom Corporate Business, and CEO, Webcall GmbH; 2011–2013 Head of Small and Medium-Sized Enterprises, Swisscom (Switzerland) Ltd; 2012 Member of the Swisscom Group Executive Board; since January 2014 Head of the division Small and Medium-Sized Enterprises Swisscom

Since January 2014, member of the Swisscom Group Executive Board

**Other mandates:** Member of the Board of Directors, Raiffeisenbank am Ricken Genossenschaft, Eschenbach



### Heinz Herren

Swiss citizen

**Education:** Degree in electronic engineering (HTL)

**Career history:** 1986–1988 Hasler AG; 1988–1991 XMIT AG; 1991–1993 Ascom Telematik AG; 1993–1994 Bedag Informatik; 1994–2000 3Com Corporation; 2000 Inalp Networks Inc.; 2001–2005 Head of Wholesale Marketing, Swisscom Fixnet Ltd; 2005–2007 Head of Small and Medium-Sized Enterprises, Swisscom Fixnet AG; 2007–2010 Head of Small and Medium-Sized Enterprises, Swisscom (Switzerland) Ltd; 2011–December 2013 Head of Network & IT, Swisscom (Switzerland) Ltd; 2012 member of the Swisscom Group Executive Board; since January 2014 Head of the division IT, Network & Innovation Swisscom

Since January 2014, member of the Swisscom Group Executive Board

**Other mandates:** Member of the Board of Directors, Belgacom International Carrier Services S.A., Brussels, since December 2013

## 4.4 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.

## 5 Remuneration, shareholdings and loans

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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.

## 6 Shareholders' participation rights

### 6.1 Voting rights and representation restrictions

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, would then exceed the limit of 5% of all registered shares entered in the commercial register. The acquirer is entered in the register as a shareholder or beneficial holder without voting rights for the remaining shares. This restriction on voting rights also applies to registered shares acquired through the exercise of subscription, option or conversion rights. A Group clause applies to the calculation of the percentage restriction.

The 5% voting right restriction does not apply to the Swiss Confederation which, under the terms of the Telecommunications Enterprise Act (TEA), holds the capital and voting majority.

The Board of Directors may recognise an acquirer of shares with more than 5% of all registered shares as a shareholder or beneficial holder with voting rights, in particular in the following exceptional cases:

- > Where shares are acquired as a result of a merger or business combination
- > Where shares are acquired as a result of a non-cash contribution or an exchange of shares
- > Where shares are acquired with a view to establishing 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 a shareholder or beneficial holder with voting rights any acquirer of shares who fails to expressly declare upon request that it has acquired the shares in its own name and for its own account or as beneficial holder. Should an acquirer of shares refuse to make such a declaration, it will be entered as a shareholder without voting rights.

In addition, 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 their share register entry as a shareholder with voting rights and enter it as a shareholder without voting rights. The acquirer must be notified of the deletion immediately.

The statutory restrictions on voting rights may be lifted by resolution by the Annual General Meeting, for which an absolute majority of valid votes cast would be required.

### 6.2 Statutory quorum requirements

The Annual General Meeting of Shareholders of Swisscom Ltd adopts its resolutions and holds its elections by absolute majority of valid votes cast. In addition to the specific quorum requirements under the Swiss Code of Obligations, the Articles of Incorporation require a two-thirds majority of the voting shares represented in the following cases:

- > Introduction of restrictions on voting rights
- > Conversion of registered shares to bearer shares and vice versa
- > Change in the Articles of Incorporation concerning special quorums for resolutions

### 6.3 Convocation of the Annual General Meeting

The Board of Directors must convene the Annual General Meeting at least 20 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.

### 6.4 Agenda items

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.

## 6.5 Representation at the Annual General Meeting

Shareholders may be represented at the Annual General Meeting by another shareholder with voting rights who has a written power of attorney. Shareholders may also be represented by the corporate proxy, an independent voting proxy, or a custody proxy (institutional proxies). Partnerships and legal entities may also be represented by authorised signatories, while minors and wards may be represented by their legal representative even if the latter are not shareholders. Shareholders who are represented by a proxy may issue instructions for each agenda item and also for motions not included in the invitation, stating whether they wish to vote for or against a motion or abstain. The corporate proxy only represents shareholders who approve the motions of the Board of Directors. Powers of attorney with instructions to vote otherwise are passed on to the independent voting proxy, who approves the motions of the Board of Directors unless express instructions to the contrary are given. As of 1 January 2014, restrictions apply to institutional proxies in accordance with the Ordinance Against Excessive Compensation in Listed Stock Companies (OaEC) of 20 November 2013. Shareholders may only be represented by the independent proxy elected by the Annual General Meeting. Voting representation by the corporate proxy and/or custodians is not permitted. The independent proxy for the first Annual General Meeting following entry into force of the OaEC is to be chosen by the Board of Directors. The independent proxy is required to cast the votes entrusted to him by shareholders according to their instructions.

## 6.6 Registrations in the share register

Shareholders entered in the share register with voting rights are entitled to vote at the Annual General Meeting. As in previous years, the share register was not closed before the Annual General Meeting for fiscal 2012 held on 4 April 2013. Shareholders registered in the share register with voting rights by 4 p.m. on 28 March 2013 were entitled to vote.

# 7 Change of control and defensive measures

## 7.1 Duty to make an offer

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 no duty to submit a takeover bid as defined in the Federal Act on Stock Exchanges and Securities Trading, since this would contradict the TEA.

## 7.2 Clause on change of control

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

## 8 Statutory auditors

### 8.1 Duration and term of office of the auditor in charge

The statutory auditors are appointed annually by the Annual General Meeting. KPMG AG, Gümligen-Berne, has acted as the statutory auditors of Swisscom Ltd and the Group companies (with the exception of Fastweb, which is audited by PriceWaterhouseCoopers S.p.A.) since 1 January 2004. Rolf Hauenstein of KPMG AG is responsible for the mandate as auditor-in-charge (since 2011).

### 8.2 Audit fees

Fees for auditing services provided by KPMG AG in 2013 amounted to CHF 3,315 thousand (prior year: CHF 3,263 thousand). Fees for additional audit-related services amounted to CHF 675 thousand (prior year: CHF 93 thousand). PricewaterhouseCoopers S.p.A. as auditors for Fastweb received remuneration of CHF 881 thousand in 2013 (prior year: CHF 790 thousand) and fees for additional audit-related services provided to Fastweb in the amount of CHF 228 thousand (prior year: CHF 626 thousand).

### 8.3 Supplementary fees

Supplementary fees of KPMG AG for non-audit services such as tax and other advisory services (other services) amounted to CHF 583 thousand (prior year: CHF 892 thousand).

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

The Audit Committee verifies the qualifications, independence and performance of the statutory auditors as a licensed, state-supervised auditing firm on behalf of the Board of Directors and submits proposals to the Board of Directors concerning auditors to be appointed or discharged by the Annual General Meeting. It is also responsible for observing the statutory rotation principle for the auditor-in-charge. The Audit Committee approves the integrated strategic audit plan, which includes the annual audit plan of both the internal and external auditors, and the annual fee for the auditing services provided to the Group and Group companies. The Audit Committee has drawn up guidelines for additional service mandates (including a list of prohibited services). To ensure independence, additional service mandates have to be approved by the Audit Committee (where a fee exceeds CHF 300,000) or the CFO of the local Group company. The Audit Committee reports quarterly and the auditors annually on current mandates being performed by the auditors, broken down into audit services, audit-related services and non-audit services. The statutory auditors, represented by the auditor-in-charge and his deputy, usually attend all Audit Committee meetings. They report to the Committee in detail on the performance and results of their work, in particular regarding the annual financial statement audit. They submit a written report to the Board of Directors and the Audit Committee on the performance 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. The Chairman of the Audit Committee also liaises closely with the auditor-in-charge outside the meetings of the Audit Committee and regularly reports to the Board of Directors.

## 9 Information policy

Swisscom pursues an open, active information policy vis-à-vis the general public and the financial markets. It publishes comprehensive, consistent and transparent financial information on a quarterly basis.

Swisscom therefore 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 regularly informed about its business through press releases and shareholder letters.

### 9.1 The results for the 2014 financial year will be published on the following dates:

- > Interim Report: 7 May 2014
- > Interim Report: 20 August 2014
- > Interim Report: 6 November 2014
- > Annual Report: February 2015

### 9.2 The Annual General Meeting will be held on:

- > 7 April 2014 in the Hallenstadion, Zurich Oerlikon

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

The Interim Reports and the Annual Report are available on the Swisscom website under Investor Relations, or may be ordered directly from Swisscom. All press releases, presentations and the latest financial calendar are also available on the Swisscom website under Investor Relations.

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

Push and pull links for the distribution of ad-hoc communications can also be found on the Swisscom website.

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

A recording of the Annual General Meeting of 4 April 2013 is available as a webcast on the Swisscom website.