

# Corporate Governance

Corporate governance is a fundamental component of Swisscom's corporate policy based on transparency and clearly-defined responsibilities. Swisscom fully complies with the guidelines and standards of the SIX Swiss Exchange, the Swiss Code of Obligations and the Swiss Code of Best Practice for Corporate Governance.

## Principles

Transparency and clearly-defined responsibilities are the cornerstones of Swisscom's corporate governance policy: transparency in financial reporting, as well as clearly assigned responsibilities governing interactions with shareholders, the Board of Directors, the Group Executive Board (Management Board in accordance with Section 4 of the Articles of Association) and Group companies. 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 Art. 663b<sup>bis</sup> and 663c para. 3 of the Swiss Code of Obligations, and the prevailing standards laid down in the Swiss Code of Best Practice for Corporate Governance, including Annex 1 (Recommendations for compensation for members of the Board of Directors and the Executive Board). Swisscom's principles and rules on corporate governance are set out in the Articles of Incorporation, the Organisational Rules and the regulations of the committees of the Board of Directors, which are regularly reviewed and revised as required. They can be viewed online at [www.swisscom.ch/basicprinciples](http://www.swisscom.ch/basicprinciples). Of particular importance is the Code of Conduct approved by the Board of Directors which entered into force on 1 January 2010. It replaced the Code of Ethics introduced by the Audit Committee in 2003 and revised in March 2008, and the Code of Conduct approved by the Group Executive Board in 2005. In the Code of Conduct, Swisscom expressly commits to complete integrity, in particular to complying with the law and all other external and internal provisions. Swisscom expects its employees to take responsibility for their actions and be considerate of people, society and the environment, comply with rules, demonstrate integrity and report any violations of the Code of Conduct. The 2010 Code of Conduct can be downloaded at [www.swisscom.com/codeofconduct-2010](http://www.swisscom.com/codeofconduct-2010).



See

[www.swisscom.ch/basicprinciples](http://www.swisscom.ch/basicprinciples)  
[www.swisscom.com/codeofconduct-2010](http://www.swisscom.com/codeofconduct-2010)

## 1 Group structure and shareholders

### 1.1 Group structure

In 2001, Swisscom was reorganised to create a corporate group with independently operating subsidiaries divided into Categories I (strategic), II (important) and III (other). The aim of the new structure was to increase transparency for management and shareholders while allocating clear responsibilities to the subsidiaries for their respective submarkets. Rapid advances in technology, combined with the convergence of hitherto stand-alone communications technologies and applications as well as changes in customer requirements, prompted Swisscom to create a more customer-focused Group structure with effect from 1 January 2008. As a result, the business activities of Fixnet, Mobile and Solutions were merged to form Swisscom (Switzerland) Ltd. The Swisscom Participations management unit, created at the same time, has been part of the Group Finance & Controlling division since September 2009.

Swisscom Ltd is the holding company responsible for overall management of the Swisscom Group, with its four divisions, Group Finance & Controlling, Group Strategy & Business Development, Group Communications and Group Human Resources. Strategic and financial management of the operationally autonomous Group companies is assured through the assignment of powers and responsibilities laid down by the Board of Directors of Swisscom Ltd. In addition, represented on the Boards of the “strategic” companies Fastweb S.p.A. and Swisscom IT Services are the CEO and CFO of Swisscom Ltd, respectively, as Chairman, together with the CSO (Chief Strategy Officer) of Swisscom Ltd and other Swisscom representatives. In the case of the “strategic” Swisscom (Switzerland) Ltd, the Board of Directors is identical to that of Swisscom Ltd. In the case of the “important” subsidiaries, the responsibilities of the Chairman of the Board of Directors 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.

The Group structure is represented in the Management Commentary in the section Group structure and organisation.

A list of Group companies, including in particular company name, registered office, share capital, shareholding and segment affiliation, is given in Note 41 to the consolidated financial statements. For the purposes of segment reporting in the consolidated financial statements, Residential Customers, Small and Medium-Sized Enterprises, Corporate Business, Wholesale, Networks & IT, Fastweb and Other, including Swisscom IT Services Ltd, Swisscom Participations and Hospitality Services Plus SA, are presented as segments. Group Headquarters together with Worklink Ltd, Swisscom Re Ltd and others continues to be presented separately.

## 1.2 Listed companies

Swisscom Ltd, a company governed by Swiss law and headquartered in Ittigen (canton of Berne, Switzerland), is listed in the main standard (formerly the Main Market Segment) of the SIX Swiss Exchange (Securities No: 874251; ISIN Code: CH0008742519; Ticker Symbol: SCMN). Swisscom Ltd delisted from the New York Stock Exchange in 2007. The delisting took effect at the end of 2007, thus ending Swisscom’s reporting obligations under the US Securities Exchange Act. Swisscom nevertheless remains committed to effective corporate governance mechanisms and to high reporting standards. The previous ADR programme was upgraded to a Level 1 programme with OTC trading (symbol: SCMWY; Pink Sheets ID: 68769; ISIN number: CH00874251.9; CUSIP for ADR: 871013108). At 31 December 2010, Swisscom Ltd had a stock market capitalisation of CHF 21,296 million.

The shares of Fastweb S.p.A., headquartered in Milan, Italy, are listed on the Borsa Italiana (ISIN Code: IT0001423562; Ticker Symbol: FWB). At 31 December 2010 the stock market capitalisation of this holding was EUR 1,424 million (CHF 1,780 million). Swisscom launched an official takeover bid via its subsidiary Swisscom Italia S.r.L. in autumn of the reporting period. At 31 December 2010, Swisscom holds 94.99% of the shares of Fastweb. This delisting is expected to be completed in the first quarter of 2011.

## 1.3 Significant shareholders

Information regarding significant shareholders must be made available if any disclosure notifications pursuant to Art. 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 attains, falls below or exceeds 3, 5, 10, 15, 20, 25, 33, 50 or 66 per cent of the voting rights of Swisscom Ltd.

There were no disclosure notifications in the year under review.

## 1.4 Cross-shareholdings

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

## 2 Capital structure

### 2.1 Capital

At 31 December 2010, the share capital of Swisscom Ltd amounted to CHF 51,801,943, divided into registered shares with a nominal 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

Changes in shareholders' equity of Swisscom Ltd in the individual financial statements under commercial law in the years 2008 to 2010:

In CHF million	Share capital	General reserves	Reserve for treasury shares	Retained earnings	Total equity
<b>Balance at 31 December 2008</b>	<b>53</b>	<b>255</b>	<b>738</b>	<b>3,699</b>	<b>4,745</b>
Net income	–	–	–	779	779
Dividends paid	–	–	–	(984)	(984)
Share capital reduction	(1)	–	(737)	182	(556)
<b>Balance at 31 December 2009</b>	<b>52</b>	<b>255</b>	<b>1</b>	<b>3,676</b>	<b>3,984</b>
Net income	–	–	–	2,201	2,201
Dividends paid	–	–	–	(1,036)	(1,036)
<b>Balance at 31 December 2010</b>	<b>52</b>	<b>255</b>	<b>1</b>	<b>4,841</b>	<b>5,149</b>

The Annual General Meeting held on 22 April 2008 approved the payment of an ordinary dividend of CHF 18 and a special dividend of CHF 2 per share. At the same time, it voted to reduce the share capital by CHF 3,277,561 from CHF 56,718,561 to CHF 53,441,000, by cancelling around two thirds of the treasury shares acquired under the 2006 share buy-back programme.

On 21 April 2009 the Annual General Meeting approved the payment of a dividend of CHF 19 per share for the 2008 business year. At the same time it voted to reduce the share capital by CHF 1,639,057 from CHF 53,441,000 to CHF 51,801,943, by cancelling the remainder of the shares acquired under the 2006 share buy-back programme.

The AGM of 27 April 2010 agreed an ordinary dividend payment of CHF 20 per share. No additional payouts were made to shareholders.

### 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 are eligible for a dividend, with the exception of treasury shares held by Swisscom Ltd. There are no preferential rights. For further details, please refer to the end of the section "Shareholders' participation rights".

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

Swisscom Ltd has not issued any participation certificates.

## 2.5 Profit-sharing certificates

Swisscom Ltd has not issued any 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 which exceed the percentage restriction of 5% by trustees, provided that the latter disclose their trustee capacity. In addition, trustees or nominees must be subject to supervision by a banking or financial market supervisory authority or otherwise provide the necessary assurances of proper business conduct, and must act 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 revised 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 percentage limit of 5%, not to request entry as a shareholder with voting rights for the account of an individual beneficial owner for 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 limit were granted in fiscal 2010.

## 2.7 Debenture bonds, convertible bonds and options

During 2007, Swisscom successfully placed debenture bonds on the Swiss domestic market for the first time with a value of CHF 1,500 million. The first tranche, issued on 19 July 2007, included CHF 550 million with a coupon of 3.50% and a term of six years, and CHF 350 million with a coupon of 3.75% and a term of ten years. The second tranche, issued on 22 October 2007, comprised CHF 350 million with a coupon of 3.25% and a term of three years, and a CHF 250 million top-up of the ten-year bond issued in July 2007 with a coupon of 3.75%. On 17 September 2008, Swisscom issued a further debenture bond of CHF 500 million (basic tranche with top-up option) with a coupon of 4.00% and a term of seven years. During the course of 2009, Swisscom issued two further debenture bonds worth a total of CHF 2,750 million. The first, worth CHF 1,250 million, was issued on 8 April 2009 with a coupon of 3.50% and a term of five years. The second, worth CHF 1,500 million (basic tranche with top-up option), was issued on 14 September 2009 with a coupon of 3.25% and a term of nine years. On 31 August 2010, Swisscom issued debenture bonds totalling CHF 750 million. CHF 250 million were issued for two years with a coupon of 0.75% and CHF 500 million for 12 years with a coupon of 2.63%. The investors are entitled to sell the bonds back to Swisscom if a shareholder other than the Swiss Confederation holds more than 50% of Swisscom's shares and at the same time Swisscom's rating falls below the lowest investment-grade level given by a recognised rating agency (BBB-/Baa3 or a comparable level). A debenture bond of CHF 350 million was repaid on the due date in 2010.

The debenture bonds are listed in Note 5 of the Notes to the financial statements of Swisscom Ltd. The Swisscom Ltd share option scheme 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 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 Swisscom Board of Directors will propose Hansueli Loosli as its new Chairman at the forthcoming Annual General Meeting on 20 April 2011. Mr Loosli will assume his new role following the handover of his executive responsibilities at Coop on 1 September 2011. At the Annual General Meeting the current Chairman of the Swisscom Board of Directors, Dr Anton Scherrer, will stand for election as Chairman until 31 August 2011. Also at the Annual General Meeting, Theophil Schlatter will be proposed as a new member of the Board of Directors. Felix Rosenberg will be succeeded by Hans Werder as of 20 April 2011.

An overview of the composition of the Board of Directors at 31 December 2010, 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
Anton Scherrer <sup>1,2,3,4</sup>	1942	Chairman	2005	2011
Hugo Gerber <sup>2,5</sup>	1955	Member, representative of the employees	2006	2012
Michel Gobet <sup>2</sup>	1954	Member, representative of the employees	2003	2011
Torsten G. Kreindl <sup>1,3</sup>	1963	Member	2003	2011
Hansueli Loosli <sup>1</sup>	1955	Member	2009	2011
Catherine Mühlemann <sup>1</sup>	1966	Member	2006	2012
Felix Rosenberg <sup>2,3</sup>	1941	Member, representative of the Confederation	1998	2011
Richard Roy <sup>3,4</sup>	1955	Deputy Chairman	2003	2011
Othmar Vock <sup>3,4</sup>	1943	Member	2005	2011

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

<sup>2</sup> Member of the Personnel and Organisation Committee.

<sup>3</sup> Member of the Compensation Committee.

<sup>4</sup> Member of the Audit Committee.

<sup>5</sup> Member of the Audit Committee since 2011.

### 3.2 Education and training, professional activities and affiliations

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



Anton Scherrer

### Anton Scherrer

*Swiss citizen*

**Education:** Degree in Food Technology from the Swiss Federal Institute of Technology (ETH), Dr. sc. techn. ETH

**Career history:** Research, consulting and managerial posts in various industrial and brewing companies in Switzerland and abroad; 1984–1991 delegate to the Board of Directors, Hürlimann Holding AG; 1991–2001 various executive positions, Federation of Migros Cooperatives, with responsibility for 14 industrial companies and the entire logistics operations; 2001–2005 Chief Executive Officer and Chairman of the Executive Retail Committee, Federation of Migros Cooperatives; until end of June 2005 Chairman of the Board of Directors of Migrosbank, Globus Magazine and the international travel company Hotelplan.

**Other mandates:** Member of the Executive Board, economiesuisse; member of the Industry Advisory Board, Capvis Equity Partners AG, Zurich; member of the Board of Directors, Orior AG, Zurich; member of the Board of Trustees, Agrovision Foundation Muri; member of the Board of Trustees, ETH Zurich Foundation, Zurich; member of the Advisory Board, Digma Management Consulting AG, Zurich; President of the Marketing Promoter Programme, Institute of Marketing and Retailing, University of St. Gallen, until June 2010; President of the foundation promoting the Master of Law and Economics programme at the University of St. Gallen.

Hugo Gerber  
Michel Gobet  
Thorsten G. Kreindl  
(f. l. t. r.)



### Hugo Gerber

*Swiss citizen*

**Education:** Diploma in postal services; IMAKA management diploma; diploma in personnel & organisational development, Solothurn University of Applied Sciences, Northwestern Switzerland  
**Career history:** 1986–1990 General Secretary ChPTT; 1991–1999 General Secretary 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; member of the Publica federal pensions commission; Vice-President of the support fund for federal employees; President of the Forum Politique Suisse; RUAG Pension Fund Board of Trustees; member of the Managing Committee of Swiss Travel Fund Cooperative (REKA); member of the Board of Directors of Worklink AG; delegate of the Genossenschaft KPT/CPT Versicherungen

### Michel Gobet

*Swiss citizen*

**Education:** Degree in history

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

**Other mandates:** Member of Union Network International; member of the UNI Europa ICTS Steering Group; since June 2010, member of the Board of Directors of the Swiss Post

### 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 of Broadband Cable Business, Deutsche Telekom, and Chief Executive Officer, MSG Media Services; 1999–2005 partner, Copan Inc.; since 2005 partner in Grazia Group Equity GmbH, Stuttgart, Germany

**Other mandates:** Consultant to Pictet Funds, Geneva; member of the Board of Directors of XConnect Networks, London, UK



Hansueli Loosli  
Catherine Mühlemann  
(f. l. t. r.)

### Hansueli Loosli

*Swiss citizen*

**Education:** Commercial apprenticeship; Swiss Certified Accountant and Controller; Executive Management Programme, University of St. Gallen

**Career history:** 1982–1985 Controller, Deputy Director of Mövenpick Produktions AG, Adliswil; 1985–1992 latterly Managing Director of 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 Board and der Coop Group Executive Board, Coop Switzerland, Basle; since 2001 Chairman of the Executive Board of Coop Genossenschaft, Basle

**Other mandates:** Chairman of the Board of Directors, transGourmet Holding SE, Cologne, Germany; Chairman of the Board of Directors of Coopernic SCRL, Brussels, Belgium; Chairman of the Board of Directors of Coop-ITS-Travel AG, Wollerau; Chairman of the Board of Directors of Bell Holding AG, Basle; member of the Board of Directors of Palink UAB, Vilnius, Lithuania; member of the Board of Directors of Palink SIA, Riga, Latvia; since March 2010, Chairman of the Board of Directors of Coop Mineraloel AG, Allschwil

### 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); since 2008 partner in Andmann Media Holding GmbH, Baar

**Other mandates:** Member of the Berlin Board; member of the Foundation for the Future of Berlin; member of the supervisory board of Messe Berlin; member of the Board of Directors of Rod Kommunikation AG, Zurich, until December 2010; since November 2010, member of the Board of Swiss Tourism; member of the supervisory boards of various Internet start-up companies.

Felix Rosenberg  
Richard Roy  
Othmar Vock  
(f. l. t. r.)



### Felix Rosenberg

*Swiss citizen*

**Education:** Degree in law (lic. iur.)

**Career history:** 1968–1969 clerk to the local court in Baden; 1969–1974 Departmental Secretary, Finance, Forestry and Military Department of the Cantonal Government of Thurgau; 1974–1989 member of the Cantonal Government of Thurgau; 1989–1997 member of the PTT General Directorate; 1989–1998 Chief Executive Officer of Telecom PTT and, until end-March 1998, of Swisscom

**Other mandates:** Chairman of the Board of Directors of DeMartin AG, Wängi

### Richard Roy

*German citizen*

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

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

**Other mandates:** Member of the supervisory board of Update Software AG, Vienna; member of the Board of Directors of Qnamic AG, Högendorf

### Othmar Vock

*Swiss citizen*

**Education:** Commercial diploma; PED (Program for Executive Development) IMD, Lausanne; federally certified export manager

**Career history:** 1975–1983 Commercial Financial Director, Ciba-Geigy Group; 1984–1990 Financial Director of Company Treasury/Controlling, Roche Group; 1990–1993 Director of Internal Auditing, Roche Group; 1993–2004 Chief Financial Officer, Givaudan SA (formerly Fragrance/Flavours Sub Group of the Roche Group)

**Other mandates:** Member of the Board of Directors of Ivoclar-Vivadent, Schaan, Liechtenstein; member of the Board of Directors of Cytos AG, Schlieren

### 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. The Board comprises nine members, but according to the Articles of Incorporation may comprise between seven and nine. The members are elected individually for a term of two years. Members may retire or be dismissed prior to expiry of that term. 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. Felix Rosenberg, as whose successor Hans Werder was appointed as of 20 April 2011, is currently the only representative of the federal government. 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 state 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 convenes as often as business requires. In the 2010 financial year, the Board of Directors met on average every one to two months for twelve meetings that lasted an average of seven hours. It also held eight teleconferences. At the beginning of 2010, a training workshop was held for members of the Board of Directors. A number of members also attended lectures and seminars in Switzerland and abroad during the course of the year. Wherever possible, the Board of Directors also attends the Swisscom Group's annual one-day management meeting.

The Board of Directors is convened by the Chairman. If he is not available, the meeting is convened by the Deputy Chairman. The CEO, CFO and CSO of Swisscom Ltd are regularly invited to meetings of the Board of Directors. The agenda is set by the Chairman. 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 their responses to items on the agenda. The Board of Directors may invite members of the Group Executive Board, senior employees of Swisscom Ltd, 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 the general course of business and major business transactions, as well as on any corrective measures that have been implemented. On average 96% of members were present at the meetings of the Board of Directors.

The Board of Directors has four standing committees and one ad-hoc committee tasked with carrying out detailed examinations of matters of importance. The committees comprise two to four members. Each member of the Board of Directors also sits on one of the standing committees. The Chairman is a member of all three standing committees; these are chaired by other board members. All minutes of the meetings of the Finance, Audit and Personnel and Organisation Committees are distributed to all members of the Board of Directors in order to ensure transparency. The duties and responsibilities of the Board of Directors are defined in the Organisational Rules, those of the standing committees in the relevant committee rules, and are available to view at [www.swisscom.ch/basicprinciples](http://www.swisscom.ch/basicprinciples), where the latest versions of the documents can be accessed, as well as the revised or superseded documents in the Download archive.

### 3.6 Committees of the Board of Directors

#### Finance Committee

This committee is chaired by Torsten G. Kreindl; the other members are Hansueli Loosli, Catherine Mühlemann and Anton Scherrer. The CEO, CFO and the CSO regularly attend meetings of the Finance Committee. Other members of the Group Executive Board or project managers are also regularly invited to the meetings, depending on the items on the agenda. The committee met four times in the 2010 financial year. The meetings lasted on average three hours and all members were present. The committee prepares, for the attention of the Board of Directors, the groundwork for business transactions such as the establishment or winding-up of major Group companies, the formation or sale of important shareholdings, the formation or termination of strategic alliances, medium-term budgeting, and major investments or disposals, as well as authorisation for all important purchases, contracts, sureties, guarantees, and letters of comfort. The Finance Committee has the final say in approving important loans, credits and financing.

#### Personnel and Organisation Committee

This committee is chaired by Felix Rosenberg; the other members are Hugo Gerber, Michel Gobet and Anton Scherrer. The CEO and CPO (Chief Personnel Officer) also regularly attend meetings of the Personnel and Organisation Committee along with other members of the Group Executive Board or project managers, depending on the topics to be discussed. The committee met three times in the 2010 financial year. 94% of members were present at the meetings, each of which lasted two hours. The committee prepares, for the attention of the Board of Directors, the groundwork for all organisational issues concerning the Group structure and matters relating to corporate policy, personnel and salary policy, general terms and conditions of employment for members of the Group Executive Board, the collective employment agreement and major restructuring projects. The Personnel and Organisation Committee has the final say, particularly with regard to the approval of statutes and organisational regulations issued by “strategic” and “important” Group companies, the approval of general terms and conditions of employment for senior executives of Swisscom Ltd (with the exception of members of the Group Executive Board), the approval of employee share option schemes offered by Swisscom Ltd and the Group companies, the approval of pension fund and social insurance policies, as well as the election of employer representatives to the pension fund.

The Personnel and Organisation Committee was abolished on 1 January 2011. All topics will now be dealt with by the Board of Directors.

#### Audit Committee

This committee is chaired by Othmar Vock; the other members are Richard Roy and Anton Scherrer. The CEO, CFO, Head of Group Accounting & Reporting, Head of Group Internal Audit and the external auditors also attend the meetings. Other members of management were invited to attend depending on the agenda. The committee met seven times in the 2010 financial year. All members were present at the meetings, which lasted on average six hours. Four teleconferences were also held, lasting on average one hour. All members are classified as independent and possess the specialist knowledge required. Othmar Vock is considered a financial expert. The committee handles all internal and external audit work as well as all matters to be dealt with by the Board of Directors that require specialist financial know-how, and thus constitutes the central controlling instrument of the Board of Directors. It prepares, for the attention of the Board of Directors, the groundwork for the following business: structure of the accounting system, financial controls and financial planning, appointment of the auditors, business performance reviews, including quarterly statements and projections, the annual report and applications for the registration of shares. It is responsible for checking and assessing the qualifications, independence and performance of the external auditors, managing the share register, monitoring the organisation and processes of the internal control system for financial reporting, and ensuring that an adequate risk management system is in place. In addition, the committee has approved a procedure for handling complaints submitted anonymously by employees on matters relating to external accounting, the internal control system for financial reporting and the auditing of the annual accounts (whistle-blowing), amongst others.

#### Remuneration Committee

For details of the Remuneration Committee, please refer to the section “Remuneration Report” onwards.

### Nomination Committee

This committee meets on an ad-hoc basis in order to prepare the groundwork for the election of new members to the Board of Directors and the Group Executive Board. As a rule, it comprises the Chairman of the Board of Directors and the chairmen of the Finance, Audit and Personnel and Organisation Committees. Based on a specific requirements profile covering all aspects of corporate management, the committee presents suitable candidates to the Board of Directors. The Board of Directors selects the members of the Group Executive Board or submits a proposal on the election of members of the Group Executive Board to the Annual General Meeting. This committee met three times in the 2010 financial year. All members were present at the meetings, which lasted on average three hours.

### 3.7 Assignment of powers

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. In accordance with Art. 716a of the Code of Obligations, the Board of Directors is responsible in particular for overall management and supervision of persons entrusted with management duties, and decides on the appointment and dismissal of members of the Swisscom Ltd Group Executive Board. It determines the strategic, organisational, budgetary and accounting guidelines, taking into account the four-year goals set by the Federal Council in accordance with the TEA and which it, as majority shareholder, aims to achieve (see [www.swisscom.ch/targets\\_2010-2013](http://www.swisscom.ch/targets_2010-2013)). 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 the transactions which legally remain the preserve of the Board of Directors, the Board of Directors decides on those transactions which are of major importance to the Group, such as the acquisition or disposal of companies from an exposure of more than CHF 20 million or investments or disinvestments from an exposure of more than CHF 50 million. The distribution of competencies between the Board of Directors and the CEO can be found in Annex 2 to the Organisational Regulations (see function table in the Rules of Procedure and Accountability), the current version of which can be downloaded from [www.swisscom.ch/basicprinciples](http://www.swisscom.ch/basicprinciples), where the revised or superseded versions of the documents can also be accessed under Download archive.



See

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

### 3.8 The rights of the Board of Directors to information from 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 the Group companies. Furthermore, the CEO reports in detail to each ordinary meeting of the Board of Directors on the general course of business and major business transactions as well as on any measures that have been implemented. The Board of Directors also receives a monthly report of all key performance indicators relating to the Group and all segments containing important Group companies. In addition, every quarter the Board of Directors receives detailed information on the course of business and on the assets, financial, earnings and risk position of the Group and the segments. Most importantly, it receives projections for the income statement, cash flow statement and balance sheet for the current fiscal year. Internal financial reporting is carried out in accordance with the same accounting principles and standards as external reporting. The 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 concerning the Group at any time.

The Board of Directors examines risk management in detail once a year and commissions annual reports on the internal control system and legal compliance management. The Audit Committee examines risk management in detail four times a year, approves the integrated strategic audit plan and examines the reports of the Group Internal Audit four times a year.

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

### 3.9.1 Risk management

Swisscom operates a company-wide, comprehensive and sustainable risk management system on behalf of the Board of Directors and the Group Executive Board. Strategic, credit, market, reputational and business risks as well as operational risks are identified by means of a proactive risk assessment system which takes into account internal and external events and are controlled using an appropriate risk strategy. The system, which is within the remit of the Finance division, monitors Swisscom's risk profile and is implemented and documented in accordance with internationally recognised standards and incorporates all relevant divisions.

It is made up of the following five elements:

- > Risk identification: risks facing Swisscom Ltd and its Group companies are identified in a comprehensive risk analysis conducted once a year by way of workshops and interviews. Each risk is allocated a risk owner. The risk portfolio is reviewed and updated quarterly.
- > Risk assessment: identified risks are assessed according to the probability of their occurrence and their qualitative and quantitative effects in the event of occurrence.
- > Risk strategy: Swisscom pursues a risk strategy which supports its corporate goals. In principle, risks should only be borne where core competences exist; otherwise they should be avoided or transferred.
- > Implementation of the risk strategy: identified risks are managed in accordance with the risk strategy. Implementation of the risk strategy is subject to a regular review.
- > Reporting: the Board of Directors, Audit Committee and Group Executive Board are informed about risks and their possible effects on a quarterly basis.

The most significant risks are listed in the section Risks.

### 3.9.2 Internal control system

Swisscom operates an internal control system within the framework of the risk management system, in order to ensure reliable internal and external financial reporting and safeguard against false disclosure (violations or errors) concerning business matters. On the basis of the internationally recognised COSO framework, the internal control system guarantees the necessary workflows and instruments in order to ensure the timely identification and assessment of risks related to the quality of accounting, and to control such risks by means of appropriate measures. Internal rules and instruments such as the Code of Conduct, the Accounting Manual or the whistle-blowing platform support this goal. The internal control system involves all the key responsible units, particularly the Audit Committee and the Group Executive Board, in line with their organisational level. Swisscom sees the internal control system as an ongoing task and an opportunity to continually improve processes in bookkeeping, accounting and financial reporting.

### 3.9.3 Legal Compliance Management

Swisscom operates a Legal Compliance Management system in order to ensure that employees comply with the laws and all other external and internal regulations and that the management and the Board of Directors can fulfil their supervisory duties. The Group Executive Board and the management of the individual Group companies define the tasks and responsibilities as well as the structural and process organisation with the help of the General Counsel. The adequacy and effectiveness of the Legal Compliance Management system is continually monitored by the General Counsel and at random intervals by Group Internal Audit and is amended and developed where necessary. Any violations are reported to the responsible departments. The General Counsel provides the Board of Directors with an annual report on Legal Compliance Management.

 See report  
Page 69

#### 3.9.4 Internal auditing

Alongside risk management and legal compliance management, internal auditing is an essential part of the Swisscom Group's corporate governance and is the responsibility of Group Internal Audit. Group Internal Audit supports the Swisscom Ltd Board of Directors and the Audit Committee in complying with statutory and regulatory supervisory and controlling obligations. Management is shown potential areas where business processes can be improved.

Group Internal Audit is responsible for planning and performing audits throughout the Group in compliance with the guidelines for the profession. In particular, Group Internal Audit performs independent and objective audits and assessments to verify the efficiency, compliance and effectiveness of the internal control system, legal compliance management and risk management. The audit findings are documented, and any measures implemented are monitored.

With a view to achieving maximum independence, Group Internal Audit is under the control of the Chairman of the Board of Directors and not management, and reports to the Audit Committee of Swisscom Ltd. The Audit Committee is briefed on the audit findings and the status of corrective measures at its meetings. In addition to ordinary reporting, Group Internal Audit informs the Audit Committee of any irregularities which come to its attention.

Group Internal Audit liaises closely and exchanges information with the external auditors. Audit planning, in particular, is closely coordinated with the external auditors. The integrated strategic audit, which includes the annual plan of both the internal and the external auditors, is prepared annually based on a risk analysis and presented to the Audit Committee for approval. Apart from this, special audits can be commissioned which can also be ordered based on information on the whistle-blowing platform operated by Group Internal Audit.

## 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. 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 a subordinate, in particular to other members of the Group Executive Board.

The members of the Group Executive Board are appointed by the Board of Directors. The Group Executive Board comprises the CEO of Swisscom Ltd, the heads of the Group divisions, the CEO of Swisscom IT Services Ltd and the heads of the divisions of Swisscom (Switzerland) Ltd.

Stefan Nünlist, former Chief Communications Officer, left at the end of May 2010 and Günter Pfeiffer, former Chief Personnel Officer, left the Group Executive Board in September 2010. Kathrin Amacker-Amann joined the company as Chief Communication Officer in October 2010. Guido Garrone, Head of Networks and IT at Swisscom (Switzerland) Ltd, left the company at the end of December 2010. He was replaced by Heinz Herren, former Head of Small and Medium-sized Enterprises at Swisscom (Switzerland) Ltd, on 1 January 2011. Heinz Herren's successor, Roger Wüthrich-Hasenböhler, took up his duties in January 2011.

The list below gives an overview of the composition of the Group Executive Board at 31 December 2010, including the year of appointment of each member and their function within the Group.

Name	Year of birth	Function	Appointed as of
Carsten Schloter <sup>1</sup>	1963	CEO of Swisscom Ltd	January 2006
Ueli Dietiker <sup>1</sup>	1953	CFO of Swisscom Ltd	August 2007
Kathrin Amacker-Amann			
	1962	CCO of Swisscom Ltd	October 2010
Eros Fregonas	1964	CEO of Swisscom IT Services Ltd	October 2007
Guido Garrone <sup>2</sup>	1961	Head of Networks & IT of Swisscom (Switzerland) Ltd	January 2008
Heinz Herren <sup>3</sup>	1962	Head of Small & Medium-Sized of Swisscom (Switzerland) Ltd	August 2007
Christian Petit	1963	Head of Residential Customers of Swisscom (Switzerland) Ltd	August 2007
Daniel Ritz	1966	CSO of Swisscom Ltd	September 2006
Urs Schaeppi <sup>1</sup>	1960	Head of Corporate Business of Swisscom (Switzerland) Ltd	August 2007

<sup>1</sup> Prior to actual function member of the Group Executive Board: Carsten Schloter since 2000; Ueli Dietiker since 2002 (CFO April – March 2006, CPO ad interim since September 2010); Urs Schaeppi since 2006).

<sup>2</sup> Resigned from Group Executive Board as of end of 2010.

<sup>3</sup> Since January 2001 Head of Networks & IT of Swisscom (Switzerland) Ltd; succeder of Heinz Herren since January 2011 is Roger Wüthrich-Hasenböhler.

### 4.2 Education and training, professional activities and affiliations

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

### 4.3 Management agreements

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



Carsten Schloter  
Ueli Dietiker  
(f. l. t. r.)

### Carsten Schloter

*German citizen*

**Education:** Degree in business administration

**Career history:** 1985–1992 various positions at Mercedes-Benz France SA; 1992–1994 member of the Management Board, debitel France SA; 1995–1999 various positions at debitel Germany; 1999 member of the Management Board, debitel AG; 2000–2001 Head of Public Com and Head of Mobil Com, Swisscom; 2001–January 2006 CEO of Swisscom Mobile Ltd; since January 2006 CEO of Swisscom Ltd and since January 2008 CEO of Swisscom (Switzerland) Ltd, from April 2010 until November 2010 CEO of Fastweb S.p.A. ad interim.

Since March 2000 member of the Swisscom Group Executive Board

**Other mandates:** Chairman of the Board of Directors, Fastweb S.p.A.; member of the Executive Board of the Association Suisse des Télécommunications (ASUT), Berne

### Ueli Dietiker

*Swiss citizen*

**Education:** Certified public accountant

**Career history:** 1972–1988 ATAG Ernst & Young; 1988–1994 various positions at Motor Columbus AG, latterly as CFO; 1995–December 1998 CFO, Cablecom Holding AG; January 1999–June 2001 CEO, Cablecom Holding AG; September 2001–March 2002 Head of Strategic Growth and Related Businesses, Swisscom Ltd; July 2003–June 2004 Head of Group Human Resources, Swisscom Ltd; April 2002–March 2006 CFO, Swisscom Ltd; March 2006–December 2007 CEO, Swisscom Fixnet Ltd; since August 2007 CFO and since April 2002 Deputy CEO, Swisscom Ltd; since September 2010 Chief Personnel Officer (CPO) of Swisscom Ltd ad interim

Since April 2002 member of the Swisscom Group Executive Board

**Other mandates:** Member of the Board of Directors, Zuckermühle Rapperswil AG; Vice-Chairman of the Board of Directors, Fastweb S.p.A.; member of the Board of Directors and Chairman of the Audit Committee of Sanitas health insurance provider; member of the Board of Directors and Chairman of the Audit Committee of Wincare health insurance provider

Kathrin Amacker-Amann  
Eros Fregonas  
Guido Garrone  
(f. l. t. r.)



### Kathrin Amacker-Amann

*Swiss citizen*

**Education:** Swiss certified pharmacist, PhD II

**Career history:** 1990–1994 Project Manager, Pharmaceutical Production Ciba-Geigy; 1995–1999 Project Manager, Pharmaceutical Development Ciba-Geigy/Novartis; 2000–2003 Project Manager, Pharmaceutical Clinical Production Novartis; 2003–2010 Human Resources Management Novartis Switzerland; since October 2010 Chief Communication Officer (CCO) at Swisscom Ltd. Since October 2010 member of the Swisscom Group Executive Board

**Other mandates:** Member of the Board of Trustees of the Merian Iselin Foundation, Basle; member of the Board of Trustees of the Basle-Karlsruhe Forum, in Basle; member of the Board of Trustees of the World Demographic and Ageing Forum, St. Gallen

### Eros Fregonas

*Swiss and Italian citizen*

**Education:** Degree in electronic engineering from the Swiss Federal Institute of Technology (ETH), Zurich

**Career history:** 1987–1996 Andersen Consulting; 1996–2005 CEO of Boss Lab AG (now: B-Source); 2005–2007 independent financial and IT consultant; since May 2007 CEO, Swisscom IT Services Ltd

Since May 2007 member of the Swisscom Group Executive Board

**Other mandates:** Member of the Board of Trustees of Produktive Schweiz, Zurich

### Guido Garrone

*Italian citizen*

**Education:** Degree in electronic engineering (Politecnico di Milano, Italy); postgraduate diploma in general management (ISTUD, Istituto Studi Direzionali, Stresa, Italy)

**Career history:** 1988–1999 various positions at Sirti S.p.A, Milan, latterly as Head of Engineering; 1999 co-founder of Fastweb S.p.A.; 1999–2007 various positions at Fastweb S.p.A., latterly as Chief Technology Officer from 2003–2007; since January 2008 Head of Networks & IT, Swisscom (Switzerland) Ltd

Since January 2008 member of the Swisscom Group Executive Board



Heinz Herren  
Christian Petit  
Daniel Ritz  
(f. l. t. r.)

#### Heinz Herren

*Swiss citizen*

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

**Career history:** 1986–1988 Hasler AG; 1998–1991 XMIT AG; 1991–1993 Ascom Telematik AG; 1993–1994 Bedag Informatik; 1994–2000 3Com Corporation; 2000–2000 Inalp Networks Inc.; 2001–2005 Head of Marketing Swisscom Fixnet Wholesale; 2005–2007 Head of Small and Medium-Sized Enterprises of Swisscom Fixnet; since August 2007 Head of Small and Medium-Sized Enterprises at Swisscom Switzerland  
Since August 2007 member of the Swisscom Group Executive Board

#### Christian Petit

*French citizen*

**Education:** MBA ESSEC Cergy-Pontoise

**Career history:** 1993–1999 debitel France; 2000–2003 Head of Operations, Swisscom Mobile Ltd; 2003–2006 Head of Product Marketing, Swisscom Mobile Ltd; 2006–June 2007 CEO, Hospitality Services Plus SA; since August 2007 Head of Residential Customers, Swisscom (Switzerland) Ltd  
Since August 2007 member of the Swisscom Group Executive Board

#### Daniel Ritz

*Swiss citizen*

**Education:** Doctorate in business administration (Dr. oec.), University of St. Gallen

**Career history:** 1988 internship, Ciba-Geigy (now Novartis); 1992–1993 project manager, University of St. Gallen, 1994–2001 consultant, Boston Consulting Group AG; 2001–2006 partner, Boston Consulting Group AG; since September 2006 Chief Strategy Officer (CSO), Swisscom Ltd  
Since September 2006 member of the Swisscom Group Executive Board

**Other mandates:** President of the Swiss Institute for Business Cycle Research (SKG) and member of the Board of Directors, Fastweb S.p.A.



Urs Schaeppi

### 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 in the Electronic Production profit centre, Ascom AG; 1994–1998 plant manager at Biberist paper factory; 1998–2006 Head of Commercial Business and member of the Executive Board, Swisscom Mobile Ltd; 2006–2007 CEO, Swisscom Solutions Ltd; since August 2007 Head of Corporate Business, Swisscom (Switzerland) Ltd

Since March 2006 member of the Swisscom Group Executive Board

**Other mandates:** Member of the Board of Directors, Fastweb S.p.A.; member of the Board of Directors, BV Group, Berne

## 5 Remuneration, shareholdings and loans

See report  
Page 127

All information on the remuneration of the Board of Directors and the Group Executive Board of Swisscom Ltd are listed 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 has been entered with voting rights in the share register of Swisscom Ltd. The Board of Directors may refuse to recognise an acquirer of shares as a shareholder or beneficial owner 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  
or a 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 in the following cases:

- > Introduction of restrictions on voting rights
- > Conversion of registered shares to bearer shares and vice versa
- > Changes to the above statutory quorum requirements

## 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 (bank). Partnerships and legal entities may be represented by authorised signatories, while minors and wards may be represented by their legal representative even if such persons are not shareholders. Shareholders who send 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 will be passed on to the independent voting proxy, who approves the motions of the Board of Directors unless express instructions to the contrary are given.

## 6.6 Registrations in the share register

Shareholders entered in the shareholder register with voting rights are entitled to vote at the Annual General Meeting. Up to and including fiscal 2006, the share register closed on each occasion no later than three days prior to the Annual General Meeting. Shareholders who registered their voting rights in the share register prior to closing were entitled to vote. As in previous years, the share register was not closed before the Annual General Meeting for fiscal 2009 held on 27 April 2010. Shareholders registered in the share register with voting rights by 4 p.m. on 23 April 2010 were entitled to vote.

## 7 Change of control and defensive measures

### 7.1 Duty to make an offer

The Telecommunications Enterprise Act (TEA) requires the Swiss Confederation to hold the capital and voting majority in Swisscom Ltd. A takeover bid within the meaning of the Federal Act on Stock Exchanges and Securities Trading (SESTA) would require an amendment to the TEA. As a result, there are no statutory rulings governing “opting out” or “opting up” (SESTA Art. 22).

### 7.2 Clause on change of control

For details of the clauses on change of control, please refer to the section “Remuneration report”.

 See report  
Page 133

## 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, Gümli-Gen-Berne has acted as the statutory and Group auditors of Swisscom Ltd and its Group companies since 1 January 2004. Hanspeter Stocker, the auditor in charge at KPMG who is responsible for the auditing mandate, has been in office since 2004. The auditor in charge is rotated every seven years in accordance with Swiss law. KPMG AG is a licensed, state-supervised auditing company.

### 8.2 Unapproved services

The Audit Committee of the Board of Directors considers the following services in particular to be incompatible with the independence of the auditors:

- > Services giving rise to the risk that the auditors will audit their own work
- > Bookkeeping and other services in connection with accounting or the financial statements
- > Valuation and estimation services, fairness opinions or expert reports on the valuation of non-cash contributions
- > Actuarial services
- > Management tasks and personnel services
- > Financial services
- > Outsourcing of internal auditing
- > Development and introduction of financial information systems

The Audit Committee reserves the right to exclude other services:

- > Non-audit services may only be provided in parallel, notably the provision of legal advice, if they do not jeopardise the independence of the auditors. Tax consultancy services are only permitted if this does not lead to a self-audit. In particular, the auditors may not advise or assist with the preparation of complex international structures for the purposes of tax optimisation, which is to be assessed by the external auditors.

### 8.3 Audit fees

Fees for the auditing services provided by KPMG AG in 2010 amounted to CHF 4.32 million (previous year: CHF 4.83 million). Fees for additional audit-related services amounted to CHF 0.02 million (previous year: CHF 0.52 million).

#### **8.4 Supplementary fees**

The supplementary fees for non-audit services such as tax and other advisory services (other services) amounted to CHF 0.4 million (previous year: CHF 0.74 million).

#### **8.5 Supervision and controlling instruments vis-à-vis the auditors**

The Audit Committee verifies the qualifications, independence and performance of the statutory auditors on behalf of the Board of Directors, approves the integrated strategic audit plan of the auditors, which includes the annual audit plan of both the internal and external auditors, and proposes the appointment and discharge of auditors to be appointed or discharged by the Annual General Meeting. It defines the criteria for the annual approval of fees. The CFO 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. It is also responsible for observing the statutory rotation principle of the auditor in charge. The statutory auditors, represented by the auditor in charge and his representative, usually attend all meetings of the Audit Committee and report in detail on the performance and results of their activities. In particular they report half-yearly and yearly on the findings of their review. They submit a written report to the Board of Directors and the Audit Committee about the implementation and results of the half-yearly reviews and the final annual audit, as well as on their findings with regard to accounting and the internal control system. The Chairman of the Committee also liaises closely with the auditor in charge and regularly reports to the Board of Directors.

## 9 Information policy

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

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

### 9.1 The results for the 2011 financial year will be published on the following dates:

- > First quarter: 4 May 2011
- > Second quarter: 11 August 2011 (half-year results)
- > Third quarter: 9 November 2010
- > Fourth quarter: in February 2012 (annual results)

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

- > 20 April 2011

The interim reports, the semi-annual report 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.

Push and pull links for the distribution of ad-hoc communications can be found under [www.swisscom.ch/adhoc/en](http://www.swisscom.ch/adhoc/en).



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