

The Board of Directors is usually convened once per month by the Chairman (except in November and July) for a one-to-two-day meeting. Further meetings are convened as business requires. In the event that the Chairman is hindered, the meeting is convened by the Vice-Chairman. The CEO, the CFO and the Head of Group Strategy & Board Services regularly attend 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. To further ensure appropriate reporting to the members of the Board, the Board of Directors invites members of the Group Executive Board, senior employees of Swisscom, auditors and other internal and external experts, as appropriate, to attend its meetings on specific issues. 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 duties, responsibilities and modus operandi of the Board of Directors and its conduct with respect to conflicts of interest are defined in the Organisational Rules and in the rules governing the standing committees.

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The Board of Directors attaches great importance to the ongoing development and continuing education of the Board and its individual members. The Board of Directors and the committees conduct self-assessments, usually once a year and most recently in January 2018. A one-day mandatory training course was held at the beginning of 2018. Each quarter, the members of the Board of Directors also have the opportunity to explore the upcoming challenges facing the Group and business divisions in-depth as part of “company experience days”. The majority of members of the Board of Directors regularly take advantage of these opportunities. New Board members are given a task-specific introduction to their duties. At a one-day introduction, they are provided with an overview of Group management and the current operational challenges. They are also introduced to topics related to the Italian subsidiary Fastweb and attend task-related training sessions. Whenever possible, the members of the Board of Directors attend the Swisscom Group’s annual management meeting.

The following table gives an overview of the Board of Directors’ meetings, conference calls and circular resolutions in 2018.

	Meetings	Conference calls	Circular resolutions
Total	12	3	2
Average duration (in hours)	6:29	0:46	–
Participation:			
Hansueli Loosli, Chairman	12	3	2
Roland Abt	12	3	2
Valérie Berset Bircher	12	3	2
Alain Carrupt	12	3	2
Frank Esser, Deputy Chairman	12	3	2
Barbara Frei	12	3	2
Anna Mossberg <sup>1</sup>	8	3	2
Catherine Mühlemann	12	3	2
Theophil Schlatter, Deputy Chairman <sup>2</sup>	4	0	0
Renzo Simoni	12	3	2

1 Elected to the Board of Directors as of 4 April 2018.

2 Resigned from the Board of Directors as of 4 April 2018.

## 4.6 Chairman of the Board of Directors

Hansueli Loosli has been a member of the Board of Directors since 2009 and Chairman of the Board since September 2011. The tasks and responsibilities of the Chairman are defined in the Organisational Rules. In the event that the Chairman of the Board of Directors is hindered, the Vice-Chairman, Frank Esser, takes over his tasks and responsibilities.

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## 4.7 Committees of the Board of Directors

The Board of Directors has three standing committees (Audit, Finance and Compensation) and one ad-hoc committee (Nomination) tasked with carrying out detailed examinations of matters of importance. The committees usually consist of three to six members. As a rule, each member of the Board of Directors sits on at least one of the standing committees. Subject to being appointed to the Compensation Committee (without voting rights), the Chairman of the Board of

Directors is a member of all the standing committees. The standing committees are chaired by other members, however. The chairs of the committees report verbally on the latest committee meetings at the next meeting of the Board of Directors. All members of the Board of Directors also receive copies of all Finance and Audit Committee meeting minutes. The minutes of the Compensation Committee are provided to the other members of the Board of Directors upon request.

### Finance Committee

The Finance Committee prepares information for the Board of Directors on corporate transactions, for example, in connection with setting up or dissolving significant Group companies, acquiring or disposing of significant shareholdings, and entering into or terminating strategic alliances. The Committee also acts in an advisory capacity on matters relating to

major investments and divestments. The Finance Committee has the ultimate decision-making authority when it comes to issuing rules of procedure and directives in the areas of Mergers & Acquisitions and Corporate Venturing. Details of the Committee's activities are set out in the Finance Committee rules of procedure.

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The Finance Committee is convened by the Chairman or at the request of a Committee member as often as business requires, but as a rule once per quarter. The CEO, the CFO and the Head of Group Strategy and Board Services attend meetings of the Finance Committee. Depending on the agenda item, other members of the Group Executive Board, the Management Boards of the strategic Group companies and project managers are called upon to also attend the meetings.

The following table gives an overview of the Finance Committee's composition, meetings, conference calls and circular resolutions in 2018.

	Meetings	Conference calls	Circular resolutions
Total	4	–	–
Average duration (in hours)	3:47	–	–
Participation:			
Frank Esser, Chairman	4	–	–
Alain Carrupt	4	–	–
Anna Mossberg <sup>1</sup>	3	–	–
Catherine Mühlemann	4	–	–
Renzo Simoni <sup>2</sup>	0	–	–
Hansueli Loosli	4	–	–

1 Elected to the Board of Directors as of 4 April 2018.

2 Resigned from the Finance Committee as of 4 April 2018.

### Audit Committee

The Audit Committee handles all business relating to financial management (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 the Board of Directors' most important controlling instrument and is responsible for monitoring the Group-wide assurance functions. It formulates positions on business matters which lie within the decision-making authority of the Board of Directors and has the final say on those business matters for which it has the decision-making authority. Details of the Committee's activities are set out in the Audit Committee rules of procedure.

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of the Committee is an expert in the financial field, and the majority of the remaining Committee members are experienced in finance and accounting. The Audit Committee is convened by the Chairman or at the request of a Committee member as often as business requires, but at least once per quarter. The CEO, CFO, Head of Group Strategy & Board Services, Head of Accounting, Head of Internal Audit and the external auditors attend the Audit Committee meetings. Depending on the agenda, other members of Swisscom management are called upon to attend. The Audit Committee can also involve independent third parties such as lawyers, public accountants and tax experts as required.

From 1 January 2019, the Audit Committee will consist of three independent members. The Chairman

The following table gives an overview of the Audit Committee's composition, meetings, conference calls and circular resolutions in 2018.

	Meetings	Conference calls	Circular resolutions
Total	7	0	–
Average duration (in hours)	4:42	0:00	–
Participation:			
Roland Abt, Chairman <sup>1</sup>	7	0	–
Theophil Schlatter, Chairman <sup>1,2</sup>	2	0	–
Valérie Berset Bircher	7	0	–
Renzo Simoni <sup>3</sup>	5	0	–
Hansueli Loosli <sup>1</sup>	7	0	–

<sup>1</sup> Financial expert.

<sup>2</sup> Resigned from the Board of Directors as of 4 April 2018.

<sup>3</sup> Nominated to the Audit Committee as of 4 April 2018.

## Compensation Committee

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

▢ See report page 90

## Nomination Committee

The Nomination Committee is formed on an ad-hoc basis for the purpose of preparing the groundwork for electing new members to the Board of Directors and the Group Executive Board when needed. The Committee is presided over by the Chairman and its composition is determined on a case-by-case basis. The Committee carries out its work based on a specific requirements profile defined by the Board of Directors and presents suitable candidates to the Board of Directors. The Board of Directors appoints the members of the Group Executive Board and decides upon the motion to be submitted to the Annual General Meeting for the election and approval of members of the Board of Directors. The Nomination Committee is convened by the Chairman or at the request of a Committee member as often as business requires. A Nomination Committee comprising the following members was formed in the 2018 financial year for the election of a member of the Group Executive Board: Hansueli Loosli (Chair), Valérie Berset Bircher and Frank Esser. The Committee held one meeting, which lasted three hours and twenty-five minutes. Another Nomination Committee was formed to appoint the successor to the Board of Directors; it comprised Hansueli Loosli (Chairman), Frank Esser, Renzo Simoni and Barbara Frei. This Committee held two meetings lasting an average of two hours.

### 4.8 Assignment of powers of authority

The Telecommunications Enterprise Act (TEA) refers to the Swiss Code of Obligations regarding the non-transferable and irrevocable duties of the Board of Directors of Swisscom Ltd. Pursuant to Article 716a of the Code of Obligations, the Board of Directors is responsible for the overall management and supervi-

sion of persons entrusted with managing the company's operations. It decides on the appointment and removal of members of the Group Executive Board.

The Board of Directors also sets the strategic, organisational, financial planning and accounting guidelines, including the tax strategy, taking into account the goals that the Swiss Confederation, as majority shareholder, aims to achieve. The Swiss Federal Council formulates these goals for a four-year period in accordance with the provisions of the TEA.

🔗 See [www.swisscom.ch/targets\\_2018-2021](http://www.swisscom.ch/targets_2018-2021)

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

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

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

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