

## 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, every member of the Board of Directors always also sits on at least one of the standing committees. Roland Abt, in office since April 2016, did not sit on any committees during the year under review due to his operational role as CFO of Georg Fischer AG until the end of 2016. He did, however, sit in as a guest on individual meetings of the Audit Committee. 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 committees are chaired by other members, however, who must provide the Board of Directors with an oral report on the activities of the previously held 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

On behalf of the Board of Directors, the Finance Committee prepares information on corporate transactions, for example, in connection with setting up or dissolving important 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 approving 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. The CEO, the CFO and the Head of Group Strategy and Board Services 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 and project managers are called upon, as appropriate, to also attend the meetings.

The following table gives an overview of the Finance Committee's composition, meetings, conference calls and circular resolutions in 2016.

	Meetings	Conference calls	Circular resolutions
Total	2	–	–
Average duration (in hours)	3:20	–	–
Participation:			
Frank Esser, Chairman	2	–	–
Alain Carrupt <sup>1</sup>	2	–	–
Michel Gobet <sup>2</sup>	–	–	–
Torsten Kreindl <sup>3</sup>	–	–	–
Catherine Mühlemann	1	–	–
Hansueli Loosli	2	–	–

<sup>1</sup> Elected to the Board of Directors as of 6 April 2016.

<sup>2</sup> Resigned from the Board of Directors as of 6 April 2016.

<sup>3</sup> Chairman, resigned from the Board of Directors as of 6 April 2016.

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### Audit Committee

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 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.

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The Chairman of the Audit Committee, Theophil Schlatter, is a financial expert. Since April of 2016, half of the Committee's members have possessed experience in finance and accounting. Roland Abt, financial expert, sat in on two meetings as a guest in the year under review and has been a member of the Committee since 2017.

The members of the Audit Committee neither work for Swisscom in an executive capacity at present nor have they done so in the past, nor do they have any significant commercial links with Swisscom Ltd or the Swisscom Group. Customer and supplier relationships exist between the Swiss Confederation and Swisscom. Details of these are provided in Note 37 to the consolidated financial statements.

The Audit Committee is convened by the Chairman or at the request of a Committee member as often as business requires, but at least four times a year. 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 Swisscom management members are called upon to attend. The Audit Committee can also involve independent third parties such as lawyers, public accountants and tax experts as required.

The following table gives an overview of the Audit Committee's composition, meetings, conference calls and circular resolutions in 2016.

	Meetings	Conference calls	Circular resolutions
Total	5	—	—
Average duration (in hours)	5:25	—	—
Participation: <sup>1</sup>			
Theophil Schlatter, Chairman <sup>2</sup>	5	—	—
Valérie Berset Bircher <sup>3</sup>	4	—	—
Hugo Gerber <sup>4</sup>	1	—	—
Hans Werder	5	—	—
Hansueli Loosli	5	—	—

<sup>1</sup> Roland Abt, financial expert has attended two meetings as guest.

<sup>2</sup> Financial expert.

<sup>3</sup> Elected to the Board of Directors as of 6 April 2016.

<sup>4</sup> Resigned from the Board of Directors as of 6 April 2016.

## Compensation Committee

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

## 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 or decides upon the motion to be submitted to the Annual General Meeting for the election and approval of members of the Board of Directors. No Nomination Committee was formed in the 2016 financial year. In 2015 and in January 2016, the Chairman and one or two other members of the Board of Directors examined and interviewed suitable candidates for Board of Director elections which took place in April 2016. They provided periodic reports on these activities to the Board of Directors. The candidates evaluated were also introduced in person to the other members of the Board of Directors at Board meetings.