



# Invitation to the Ordinary Shareholders' Meeting



Monday, 3 April 2017 at 1.30 p.m.  
in the Hallenstadion  
Wallisenstrasse 45, Zurich Oerlikon  
Doors open at 12.30 p.m.



### Annual Report publications

The Annual Report, Sustainability Report and «Swisscom at a glance» are part of Swisscom's Annual Report 2016. The three publications are available online at: [swisscom.ch/report2016](http://swisscom.ch/report2016)

### The “best companion in the networked world” concept

Digitisation is changing our lives, our behaviour and our needs. Regardless of how vastly our customers' needs differ, we still want to address each of those needs individually.

Because nothing feels better than knowing you have a reliable partner at your side.

The images on the cover of the 2016 report symbolise the collaboration between our customers and Swisscom.

From left to right:

*Annual report:* Impact Hub in Zurich, customer Ava AG with Lea von Bidder

*Sustainability report:* Jucker Farm in Seegräben with customer Martin Jucker

*Swisscom at a glance:* Swisscom Shop in Zurich with customer Therese G.

We would like to thank our customers and employees who took the time to have these pictures taken.

# Shareholders' letter

## Dear Shareholders

On the occasion of the 19th Shareholders' Meeting of Swisscom Ltd., we are pleased to take a look back at the financial year 2016.

### **Swisscom holds its ground in a challenging environment in 2016**

At CHF 11,643 million (−0.3%), Swisscom's net revenue was practically on a par with the previous year. This is a remarkable achievement given current price pressure and the market environment. Compared with the prior year, Swisscom increased its operating income before depreciation and amortisation (EBITDA) by CHF 195 million or 4.8% to CHF 4,293 million primarily as a result of non-recurring items in the prior year. On a like-for-like basis, EBITDA fell slightly by 1.2%. Cost cutting and growth at Fastweb were unable to compensate for declining returns in the Swiss core business. Net income rose by 17.8% to CHF 1,604 million, largely due to non-recurring items. At CHF 2,416 million, Group-wide capital expenditure was roughly on a par with last year (+0.3%).

### **Swisscom maintains its strong market position in Switzerland**

Net revenue in the Swiss core business declined by CHF 105 million or 1.1% year-on-year to CHF 9,440 million. While revenue from telecommunications services fell as a result of increasing competitive pressure and lower roaming prices, revenue in the solutions business with corporate customers increased. The number of revenue generating units (RGU) dropped by 96,000 or 0.8% to 12.4 million as a result of market saturation. Nevertheless, the Company maintained or, as in the case of Swisscom TV, even increased its market shares. Operating income before depreciation and amortisation (EBITDA) rose by CHF 85 million or 2.4% to CHF 3,686 million. After adjustments for non-recurring items, EBITDA fell by CHF 125 million or 3.2% due to pressure on pricing, higher costs for roaming and subscriber acquisition as well as low subscription growth. Capital expenditure in Switzerland remained high at CHF 1,774 million (−2.6%).

### **Successful business year at Fastweb in 2016**

Fastweb acquired many new customers in the broadband business (+7.0% to 2.36 million) and boosted its revenue by EUR 59 million to EUR 1,795 million (+3.4%) as a result. Operating income before depreciation and amortisation (EBITDA) rose by EUR 85 million or 14.8% to EUR 661 million. Excluding non-recurring items, the increase amounted to EUR 45 million or 8.0%. Fastweb continues to make progress on the expansion of its network. 810,000 customers were connected to the company's own ultrafast broadband network at the end of 2016 (+25% year-on-year), which represents around one-third of all Fastweb broadband customers. The Fastweb network now extends to around 100 towns and cities in Italy, thus covering

30% of the population or 7.5 million households. Capital expenditure at Fastweb grew by 7.4% to EUR 581 million due to accelerated broadband expansion.

### **Swisscom share performance in 2016**

The Swisscom share price fell by 9.3% in 2016. In terms of total shareholder return (share price movement and dividend payout), Swisscom achieved –5.4% thanks to the high dividend yield. The Swisscom share outperformed the Stoxx Europe 600 Telecommunications Index (–16.9% in CHF; –15.8% in EUR). Payment of an unchanged ordinary dividend of CHF 22 per share will be proposed to the Annual General Meeting of Shareholders. This is equivalent to a total dividend payout of CHF 1,140 million. Swisscom is thus upholding the principle of continuity in its dividend policy.

### **Digitisation as an opportunity and challenge**

Digitisation is changing both our economy and our society. Networking between people, applications and devices is intensifying with each passing year and billions of devices are already interconnected.

Processes previously involving tedious manual work are being digitised. We are producing new services more quickly and cost-effectively in the cloud. Not only are our infrastructures being controlled from the cloud, but physical devices themselves are being migrated to the cloud (virtualisation) as well. This digital environment is giving rise to new business models and behaviours. Instead of buying, people rent and share (sharing economy) and new platforms emerge. In this way, digitisation is permeating our everyday lives and the world we work in. Swisscom views digitisation as both an opportunity and a challenge. Constantly available high-performance networks and infrastructures form the backbone of all digitisation projects. Swisscom's infrastructure and ICT expertise are opening up excellent opportunities for the company to sustain this success in nearly every area of business and daily life. Yet at the same time, we see the economic and social changes that accompany digitisation. We therefore make an effort to embrace our responsibility as a company through a variety of different initiatives and commitments.

### **More challenging market environment**

Competition is extremely fierce in the Swiss ICT sector. The number of telephone lines connected through the fixed telephone network is dropping by more than 200,000 lines per year. 2016 marked the first year in which we were unable to offset this decline and the trend is set to continue in the years ahead. In the business customer market, too, cost pressure and falling margins triggered by an intense price war with our competitors have not gone unnoticed.

Global, web-based foreign providers have stepped up their activities in our markets as well. While these competitors have mainly been gearing their products toward

private users up until now, they are increasingly extending their offers to business customers and forming partnerships to launch efficient, scalable products and services.

### **Demands for data security on the rise**

Increasing connectivity and digitisation are producing ever-increasing volumes of data. Accordingly, the public spotlight is not only shifting to the careful use of data, but also security. At Swisscom, the responsible, secure handling of information takes centre stage. We want industry and society to be able to leverage the opportunities offered by smart data to their advantage.

Swisscom has the right product portfolio and capabilities needed to continue growing in the information security market. We already fend off 99% of all hacker, phishing or spam attacks with our current resources.

### **What we stand for**

As a partner, pioneer and shaper, Swisscom aspires to offer its customers the very best in today's networked world. As an exemplary company offering digitisation solutions, we let people choose flexibly how to interact, work and live. As a technology partner, Swisscom helps companies improve their products, processes and marketing and, in doing so, remain competitive. We thereby strengthen and promote all of Switzerland as a business location.

### **Building the best infrastructure – the basis for the networked world**

A networked world is only as strong as its infrastructure. In keeping with that maxim, Swisscom has been investing in a future-oriented mix of network technologies for several years. In 2016, Swisscom invested nearly CHF 1.8 billion in Switzerland alone and further investments of the same magnitude are planned for 2017 as well. Switzerland boasts one of the best telecommunications infrastructures in the world. With 99% of coverage boasting speeds in excess of 30 Mbps, it is already close to achieving the broadband objective of 100% coverage with 30 Mbps as set forth in the EU's Digital Agenda 2020.

By the end of 2016, Swisscom had already provided more than 3.5 million ultrafast broadband connections (>50 Mbps). Swift expansion has made it possible for more than 94% of all homes and businesses to use Swisscom TV. In 2016, Swisscom defined new strategic objectives for its expansion of the broadband infrastructure via the fixed telephone network: the majority of people living in any given Swiss municipality should have access to higher bandwidths by the end of 2021. To this end, some 90% of all homes and businesses will have a minimum bandwidth of 80 Mbps by the end of 2021 – with around 85% of those achieving speeds of 100 Mbps or higher.

At the heart of the Swisscom network is IP technology (Internet Protocol). This not only forms the basis for Internet services, but also for Swisscom TV and voice telephony, to name a few examples. Swisscom is planning to switch all of its products and services over to IP by the end of 2017, so that its All IP customers can take advantage of the many opportunities offered by the digital world. All IP customers can block annoying advertising calls, for instance, by activating the free filter for unwanted advertising calls on their fixed-line connection. 1.5 million customers had already migrated to IP as at the end of 2016. The changeover is proceeding as planned.

We doubled revenue from cloud-based infrastructure (Dynamic Computing Services) in 2016 and more than 270 customers and partners are now using dynamic infrastructures. Given the cloud and ICT infrastructures' ability to help us simplify processes and facilitate innovative business models, they are a key competitive advantage in this digitised world. Customers can focus more on their business and outsource ICT services, and we are able to meet the IT needs of our customers more quickly and effectively than in the past through increased standardisation and virtualisation.

In 2016, Swisscom became the first provider in Switzerland to set up an additional network dedicated to the Internet of Things. This Low Power Network is operated separately from the mobile phone network and forms the basis for the Internet of Things which will interconnect millions of sensors in future. Through all of these investments and innovations, Swisscom plays a pivotal role in shaping the markets where it does business.

### **Offering the best experiences – to set Swisscom apart from the rest**

The market environment is changing at an accelerating pace and offerings are easily copied. Companies are only successful if they design experiences to engender a strong emotional bond and create enthusiastic, loyal customers. In everything it does, Swisscom wants to make a trustworthy, simple and inspiring impression. We put people and their relationships at the centre of all of our thoughts and actions. We go up against global competition with the very best we have to offer: our employees. They are on site in municipalities both large and small, visit customers at their homes and provide advice over the phone or via online chats. Our customer experiences are designed so that they feel the same each time customers come into contact with Swisscom, whether this be during communication, while using our products or when interacting with our customer service. Uniform experiences offer a vital link between Swisscom and its customers, particularly in the age of digitisation. By the end of 2016, Swisscom had attracted 1.48 million customers to sign up for Swisscom TV. It is continuously expanding the TV offering, including the addition of a new UHD box and the launch of services that make TV accessible for everyone, especially people with a visual or hearing impairment.

Quick mobile phone repair services have emerged as a major need. In response to this, we set up our own Repair Centers in some of the Swisscom Shops. And in keeping with our promise to customers, they are different than what consumers have come to know and expect elsewhere. Our Repair Centers guarantee repairs within 24 hours using original spare parts and even offer a coffee bar atmosphere for anybody waiting.

The new Natel infinity 2.0 subscriptions introduced in 2016 are proving extremely popular. Since the offer's spring launch, over a million customers have opted in favour of more roaming, quicker surfing speeds and other included services like a device-independent cloud.

### **Seizing the best opportunities for growth – long-term competitiveness**

Long-term competitiveness calls for companies to evolve and embrace the courage to change. Swisscom has been doing this for years. We share this experience with our business customers and offer our support as a trusted partner during their digital transformation. Swisscom has a broad portfolio of machine-to-machine applications, digitisation of business processes, use of the cloud, security solutions, use of artificial intelligence and much more. These solutions give Swisscom's customers a chance to leverage opportunities for growth and guarantee their competitiveness. Swisscom avails itself of the best opportunities for growth as well. It plans to continue expanding both in growth areas in the TIME market (telecommunications, IT, media and entertainment) and by developing its Internet business.

The information services local.ch and search.ch were merged under the “local-search” brand in 2016. We also collaborated with Coop to launch siroop, an online marketplace that unites merchants both large and small, nationwide and local. Our cooperation with the start-up Mila will continue as well: Around 22,000 interventions by Swisscom Friends, namely customers who help other customers locally, have been registered on the platform.

### **Fastweb**

Swisscom is continuing to develop its subsidiary Fastweb. By expanding the ultra-fast broadband network and mobile communications market, building partnerships, and improving service quality, Fastweb aims to further strengthen its strong market position in Italy and generate growth. The expansion of Italy's broadband network is continuing at full speed: Fastweb and Telecom Italia intend to cooperate on the rollout of Fibre to the Home (FTTH). The aim is for 13 million or half of homes and businesses in Italy to be connected to the ultrafast broadband network by 2020.

## **Swisscom values**

At Swisscom, people and their relationships are at the heart of everything we do: We want to shape the future (sustainability), achieve great things (passion), be open to new ideas (curiosity), keep our promises (reliability) and be close to customers (customer focus). Swisscom's centre of excellence for Human Centred Design develops methods and approaches with a focus on people and their relationships. Our values and beliefs are then incorporated into the development of new products and services.

## **Multi-generational thinking as an integral component of the corporate strategy**

Swisscom thinks and acts with a focus on sustainability. This responsibility towards the environment, society and the economy forms an integral part of our corporate strategy. Our vision is of a modern, forward-looking Switzerland.

In terms of Corporate Responsibility, our activities focus on the main priorities of climate protection, work and life, media skills, attractive employer, fair supply chain and a networked Switzerland. In 2016, we strengthened efforts to compile evidence related to our activities in the areas of energy efficiency, media skills and fair supply chain even further. Nationwide, we have connected over 6,020 schools to the Internet through Schools on the Net, a programme that has been in place for over 15 years. This initiative benefits around 50,000 school classes, 120,000 teachers and more than 900,000 pupils. At the same time, our media skills courses have introduced more than 300,000 elderly people (since 2005) and 100,000 pupils, parents and teachers (since 2008) to the networked world and all of the opportunities and risks it entails. As one of Switzerland's most attractive employers, it goes without saying that Swisscom fosters a corporate culture geared toward sustainability. This includes personal and professional development for each and every individual, active specialist training with more than 900 trainees at present (including 450 in ICT jobs) and a fair social partnership.

With regard to climate protection, we have cut our own CO<sub>2</sub> emissions by more than half since 1990. Nowadays, customers using our services for mobile working, for instance, are reducing CO<sub>2</sub> emissions by around 450,000 tonnes per year, which is equivalent to the emissions of around 110,000 cars. The «Newsweek» magazine named Swisscom as the fourth most sustainable company in the world in 2016. And something of which we are very proud.

## **Challenging regulatory environment**

A clear majority of voters and the all States rejected the “Pro Service Public” initiative in June 2016. In December 2016, ComCom decided to renew Swisscom's licence for the Swiss universal service for another five-year period, beginning in 2018.

The revised ordinance increases the minimum bandwidth from 2 to 3 Mbps, now includes IP technology and abolishes Swisscom's obligation to operate one public

payphone in each municipality. Several different topics are on the agenda in 2017: the complete revision of the Swiss Data Protection Act, revision of the Telecommunications Act, implementation of the Federal Law on the Monitoring of Postal and Telecommunications Traffic (BÜPF) and the Intelligence Service Act. With a view to the rollout of 5G, the telecommunications industry will continue to advocate for concessions for antenna construction.

### **Simplification and a focus on costs**

Swisscom plans to reduce its cost base by over CHF 300 million between 2015 and 2020. We will achieve this through the organisational changes implemented in 2016, adjustments to our job vacancies, optimised processes and the transformation to All IP technology. These measures will free up funds, enabling Swisscom to continue investing in infrastructure and new business areas and to remain competitive over the long term.

### **Financial outlook for 2017**

Swisscom will propose payment of a dividend of CHF 22 per share for the 2016 financial year at the 2017 Annual General Meeting. For 2017, Swisscom expects net revenue of around CHF 11.6 billion, EBITDA of around CHF 4.2 billion and capital expenditure of some CHF 2.4 billion. For Swisscom (excluding Fastweb), a slight decline in revenue is expected due to high competition and price pressure. A slight increase in revenue is expected for Fastweb. EBITDA for Swisscom, excluding Fastweb, is expected to be around CHF 100 million lower year-on-year. The reduction in EBITDA is attributable to price pressure and declines in the number of fixed-line telephony connections. In addition, the costs for roaming are expected to increase. EBITDA will be positively affected by cost savings. Fastweb's EBITDA is expected to be slightly higher. Capital expenditure in Switzerland and at Fastweb is expected to be on a par with the prior year. Subject to achieving its targets, Swisscom will propose payment of an unchanged, attractive dividend of CHF 22 per share for the 2017 financial year at the 2018 Annual General Meeting.

### **A big thank you**

2016 was a successful year, something that is not a given in light of today's market environment. We owe this success to the trust placed in us by our customers. We owe it to the loyalty of our shareholders. And we owe it to our employees' enthusiasm and eagerness to do their very best, every single day of the year. They deserve our most heartfelt gratitude. After all, they are the ones contributing their ideas, visions and innovations today in order to create the Swisscom of tomorrow and beyond. Their passion for Swisscom and the interest they show in our products fill us with confidence and pride as we look to the future.

All agenda items and requests of the Shareholders' Meeting can be found on the pages to follow, along with explanations. To register for the Shareholders' Meeting or to allocate a proxy, please use the enclosed form or enter your details on the shareholder platform Sherpany. Once you have registered on the platform, you will receive future invitations via e-mail.

We look forward to seeing you at the Shareholders' Meeting.

Worblaufen, 22 February 2017

Yours sincerely

Swisscom Ltd  
Board of Directors

A handwritten signature in black ink, appearing to read "Hansueli Loosli".

Hansueli Loosli, Chairman

---

This invitation is a translation of the German original. In the event of any inconsistencies, the German version of the invitation shall prevail over the French, Italian and English translations.

# Agenda items

	Page
<b>1      Report on the financial year 2016</b>	<b>13</b>
1.1      Approval of the Management Commentary, financial statements of Swisscom Ltd and the consolidated financial statements for the financial year 2016	13
1.2      Consultative vote on the Remuneration Report 2016	13
<b>2      Appropriation of the retained earnings 2016 and declaration of dividend</b>	<b>13</b>
<b>3      Discharge of the members of the Board of Directors and the Group Executive Board</b>	<b>14</b>
<b>4      Re-elections to the Board of Directors</b>	<b>14</b>
4.1      Re-election of Roland Abt	15
4.2      Re-election of Valérie Berset Bircher	15
4.3      Re-election of Alain Carrupt	15
4.4      Re-election of Frank Esser	16
4.5      Re-election of Barbara Frei	16
4.6      Re-election of Catherine Mühlmann	17
4.7      Re-election of Theophil Schlatter	17
4.8      Re-election of Hansueli Loosli	17
4.9      Re-election of Hansueli Loosli as Chairman	18
<b>5      Elections to the Remuneration Committee</b>	<b>18</b>
5.1      Re-election of Frank Esser	18
5.2      Re-election of Barbara Frei	18
5.3      Re-election of Hansueli Loosli	18
5.4      Re-election of Theophil Schlatter	19
5.5      Election of Renzo Simoni	19
<b>6      Remuneration of the members of the Board of Directors and the Group Executive Board</b>	<b>19</b>
6.1      Approval of the total remuneration of the members of the Board of Directors for 2018	19
6.2      Approval of the total remuneration of the members of the Group Executive Board for 2018	20
<b>7      Re-election of the independent proxy</b>	<b>22</b>
<b>8      Re-election of the statutory auditors</b>	<b>23</b>
<b>Organisational information</b>	<b>24</b>
<b>Details on reaching the venue</b>	<b>27</b>



# Proposals and explanatory notes

## 1 Report on the financial year 2016

### 1.1 *Approval of the Management Commentary, financial statements of Swisscom Ltd and the consolidated financial statements for the financial year 2016*

#### Proposal

The Board of Directors proposes that the Management Commentary, the financial statements of Swisscom Ltd and the consolidated financial statement for financial year 2016 be approved.

### 1.2 *Consultative vote on the Remuneration Report 2016*

#### Proposal

The Board of Directors proposes that affirmative notice of the Remuneration Report 2016 be taken by means of a consultative vote.

#### Explanatory notes

The Remuneration Report (pages 131 to 145 of the Annual Report 2016) states the decision-making competencies and presents principles and elements of the remuneration of the Board of Directors and Group Executive Board. It lists the remuneration paid in the reporting year to the members of the Board of Directors and Group Executive Board and indicates their shareholdings in Swisscom Ltd. A non-binding consultative vote will be held in relation to the report.

## 2 Appropriation of the retained earnings 2016 and declaration of dividend

> Balance carried forward from prior year	CHF 3,501 million
> Net income 2016	CHF 2,682 million
> Treasury shares	– CHF 1 million
> Total retained earnings 2016	CHF 6,182 million

#### Proposal

The Board of Directors proposes that the retained earnings be appropriated as follows:

> Dividend of CHF 22 per share for 51,800,429 shares	CHF 1,140 million
> Balance to be carried forward	CHF 5,042 million

No dividends will be paid out on shares held by Swisscom Ltd.

## **Explanatory notes**

The Board of Directors proposes to the Shareholders' Meeting a dividend of CHF 22 gross per share (prior year: CHF 22). The total dividend of approx. CHF 1,140 million is based on a portfolio of 51,800,429 shares with a dividend entitlement (as at 31 December 2016). Subject to the approval of the proposal by the Shareholders' Meeting, after deducting federal withholding tax of 35%, a net dividend of CHF 14.30 per share will be paid out on 7 April 2017. The last trading day with entitlement to receive a dividend is 4 April 2017. As of 5 April 2017, the shares will be traded ex dividend.

## **3 Discharge of the members of the Board of Directors and the Group Executive Board**

### **Proposal**

The Board of Directors proposes that discharge be granted to the members of the Board of Directors and the Group Executive Board for the financial year 2016.

## **4 Re-elections to the Board of Directors**

The one-year term of office of all members of the Board of Directors expires at the Shareholders' Meeting 2017. All members to be elected by the Shareholders' Meeting will be standing for re-election. The respective elections will be held individually.

The representative of the Swiss Confederation is not elected by the Shareholders' Meeting and is instead appointed by the Federal Council. The outgoing representative of the Swiss Confederation, Hans Werder, will be stepping down from the Board of Directors at the next Shareholders' Meeting. The Federal Council has delegated Renzo Simoni for a term of office for the period of time until the conclusion of the Shareholders' Meeting 2018. Renzo Simoni (born 1961), Dr. sc. techn., civil engineer ETH, is a Swiss citizen and has been Chairman of the Management Board at Alp-Transit Gotthard AG since 2007. As such, he was responsible for one of Switzerland's most challenging infrastructure projects – the Gotthard Base Tunnel. From 2002 to 2006, Renzo Simoni was a member of the Management Board of Helbling Beratung + Bauplanung AG, most recently as its Co-CEO. From 1995 to 2002, he worked for the Civil Engineering Developer Consulting Services at Ernst Basler + Partner AG and also worked as a lecturer at the Federal Institute of Technology in Zurich (ETH Zurich) until 1998. Renzo Simoni worked as a Scientific Assistant at ETH Zurich from 1989 to 1995 and from 1985 to 1989 as a Technical Assistant of Civil Engineering and Building Construction for the Gruner Group, Zurich. Renzo Simoni has also been a member of SIA Sektion Zürich since 1985 and of the Advisory Committee of DB Projekt Stuttgart-Ulm GmbH ("Stuttgart 21") since 2013.

Further details about the previous Board members are provided in the Annual Report 2016 in the chapter on Corporate Governance, Section 4.

#### **4.1 *Re-election of Roland Abt***



##### **Proposal**

The Board of Directors proposes that Roland Abt be re-elected as member of the Board of Directors for the period of time until the conclusion of the next Shareholders' Meeting.

##### **Explanatory notes**

Roland Abt (1957), Dr. oec., is a Swiss citizen and a recognised financial expert. He was elected to the Board of Directors in April 2016 and has been sitting on the Audit Committee since 2017. Roland Abt was employed by the Georg Fischer Group from 1996 to 2016, most recently as CFO of Georg Fischer Ltd. and a member of the Group Executive Board from 2004. Roland Abt has two other Board of Directors mandates, one of which is in a listed company.

#### **4.2 *Re-election of Valérie Berset Bircher***



##### **Proposal**

The Board of Directors proposes that Valérie Berset Bircher be re-elected as member of the Board of Directors for the period of time until the conclusion of the next Shareholders' Meeting.

##### **Explanatory notes**

Valérie Berset Bircher (1976), Dr. iur., is a Swiss citizen. She has been on the Board of Directors as a staff representative and served as a member of the Audit Committee since April 2016. Valérie Berset Bircher has been employed as Deputy Head of the International Labour Affairs section of the State Secretariat for Economic Affairs (SECO) since 2007.

#### **4.3 *Re-election of Alain Carrupt***



##### **Proposal**

The Board of Directors proposes that Alain Carrupt be re-elected as member of the Board of Directors for the period of time until the conclusion of the next Shareholders' Meeting.

## **Explanatory notes**

Alain Carrupt (born 1955) is a Swiss citizen, has a Federal high school diploma in commerce and has completed numerous further educations. Since April 2016, he has been an employee representative on the Board of Directors and a member of the Finance Committee. Alain Carrupt worked for staff associations from 1994, at last as Chairman of the syndicom trade union, until February 2016.

### **4.4 *Re-election of Frank Esser***



#### **Proposal**

The Board of Directors proposes that Frank Esser be re-elected as member of the Board of Directors for the period of time until the conclusion of the next Shareholders' Meeting.

## **Explanatory notes**

Frank Esser (1958), graduate in business administration and Dr. rer. pol., is a German citizen. He has been a member of the Board of Directors and of the Finance Committee since 2014. He has chaired the Finance Committee and been a member of the Remuneration Committee since 2016.

Frank Esser was CEO of the Société française du radiotéléphone (SFR) and a member of the Vivendi Group Executive Board until 2012. Today, he has two other mandates in listed companies.

### **4.5 *Re-election of Barbara Frei***



#### **Proposal**

The Board of Directors proposes that Barbara Frei be re-elected as member of the Board of Directors for the period of time until the conclusion of the next Shareholders' Meeting.

## **Explanatory notes**

Barbara Frei (1970), Dr. sc. techn., MBA IMD, is a Swiss citizen. She has been a member of the Board of Directors since 2012 and was a member of the Finance Committee until the end of 2013. Since 2014 Barbara Frei has been a member of the Remuneration Committee and currently holds the chair. She worked in various managerial positions at the ABB Group from 1998 to 2016 and has acted at last as Head of Strategic Portfolio Reviews for the Power Grids Division. Barbara Frei has been Zone President Deutschland for the Schneider Electric Group, Paris, and Chair of the Management Board for Schneider Electric GmbH, Germany, since December 2016.

#### **4.6      *Re-election of Catherine Mühlemann***



##### **Proposal**

The Board of Directors proposes that Catherine Mühlemann be re-elected as member of the Board of Directors for the period of time until the conclusion of the next Shareholders' Meeting.

##### **Explanatory notes**

Catherine Mühlemann (1966), lic. phil. I and Certified PR consultant, is Swiss citizen and has been a member of the Board of Directors and of the Finance Committee since 2006. She has worked in managerial positions in various companies in the media sector since 1994 and has been a partner in Andmann Media Holding GmbH, Baar, since 2008, where she was a proprietor until the end of 2012. Catherine Mühlemann has two other mandates, one of which is in a listed company.

#### **4.7      *Re-election of Theophil Schlatter***



##### **Proposal**

The Board of Directors proposes that Theophil Schlatter be re-elected as member of the Board of Directors for the period of time until the conclusion of the next Shareholders' Meeting.

##### **Explanatory notes**

Theophil Schlatter (1951), lic. oec. HSG and qualified Public Accountant, is a Swiss citizen. He was elected to the Board of Directors in 2011 and chairs the Audit Committee, is a member of the Remuneration Committee and has been Vice Chairman of the Board of Directors since April 2014. Theophil Schlatter has worked in the Finance department of various companies, most recently until 2011 as Chief Financial Officer and member of the Group Executive Board of Holcim Ltd. He has one other Board of Directors mandates.

#### **4.8      *Re-election of Hansueli Loosli***



##### **Proposal**

The Board of Directors proposes that Hansueli Loosli be re-elected as member of the Board of Directors for the period of time until the conclusion of the next Shareholders' Meeting.

##### **Explanatory notes**

Hansueli Loosli (1955), Swiss Certified expert for accounting and controlling, is a Swiss citizen. He has been a member of the Board of Directors since 2009 and was elected

as Chairman in 2011. He chairs the ad hoc formed Nomination Committee and is a member of the Audit, Finance and Remuneration Committees. Within the Remuneration Committee, he holds an advisory role without voting rights. Hansueli Loosli is the Chairman of the Board of Directors of the current Coop Group Association and of other companies of the Coop Group (of which one is a listed company). Alongside his Coop Group mandates, he has two others, including a mandate by order of Swisscom.

#### **4.9 *Re-election of Hansueli Loosli as Chairman***

##### **Proposal**

The Board of Directors proposes that Hansueli Loosli be re-elected as Chairman of the Board of Directors for the period of time until the conclusion of the next Shareholders' Meeting.

### **5 *Elections to the Remuneration Committee***

The Board of Directors intends to re-appoint Barbara Frei as Chairman of the Remuneration Committee if she is re-elected by the Shareholders' Meeting.

#### **5.1 *Re-election of Frank Esser***

##### **Proposal**

The Board of Directors proposes that Frank Esser be re-elected to the Remuneration Committee for the period of time until the conclusion of the next Shareholders' Meeting.

#### **5.2 *Re-election of Barbara Frei***

##### **Proposal**

The Board of Directors proposes that Barbara Frei be re-elected to the Remuneration Committee for the period of time until the conclusion of the next Shareholders' Meeting.

#### **5.3 *Re-election of Hansueli Loosli***

##### **Proposal**

The Board of Directors proposes that Hansueli Loosli be re-elected to the Remuneration Committee as member without voting rights for the period of time until the conclusion of the next Shareholders' Meeting.

## 5.4 *Re-election of Theophil Schlatter*

### **Proposal**

The Board of Directors proposes that Theophil Schlatter be re-elected to the Remuneration Committee for the period of time until the conclusion of the next Shareholders' Meeting.

## 5.5 *Election of Renzo Simoni*



### **Proposal**

The Board of Directors proposes that Renzo Simoni be elected to the Remuneration Committee for the period of time until the conclusion of the next Shareholders' Meeting.

## 6 **Remuneration of the members of the Board of Directors and the Group Executive Board**

### **6.1 *Approval of the total remuneration of the members of the Board of Directors for 2018***

#### **Proposal**

The Board of Directors proposes that the maximum total amount for the remuneration of members of the Board of Directors in the financial year 2018 of CHF 2.5 million be approved.

#### **Explanatory notes**

The proposed maximum total amount of CHF 2.5 million is based on the remuneration of nine members of the Board of Directors. This amount remains unchanged in comparison with the total amount approved for 2017 by the Shareholders' Meeting.

The total amount is expected to comprise the following subtotals allocated to the respective remuneration components:

- > directors' fees (base remuneration and functional allowances) of CHF 2.0 million
- > meeting attendance fees of CHF 0.3 million
- > employer contributions to social security of CHF 0.2 million

The definitive remuneration amounts will be presented in the Remuneration Report for the financial year 2018 and will be subject to the consultative vote in relation to the report, to be held at the Shareholders' Meeting 2019.

The graph below shows the proposed total remuneration in 2018 in comparison with the remuneration approved for 2017 and the remuneration paid out in 2015 and 2016.

**Board of Directors' Remuneration 2015–2018 (in MCHF)**



## 6.2

### *Approval of the total remuneration of the members of the Group Executive Board for 2018*

#### **Proposal**

The Board of Directors proposes that the maximum total amount of CHF 9.7 million for the remuneration of the members of the Group Executive Board in the financial year 2018 be approved.

#### **Explanatory notes**

The proposed maximum total amount of CHF 9.7 million is based on the remuneration of seven members of the Group Executive Board. This amount remains unchanged in comparison with the total amount approved for 2017 by the Shareholders' Meeting.

The total amount is expected to comprise the following subtotals allocated to the respective remuneration components:

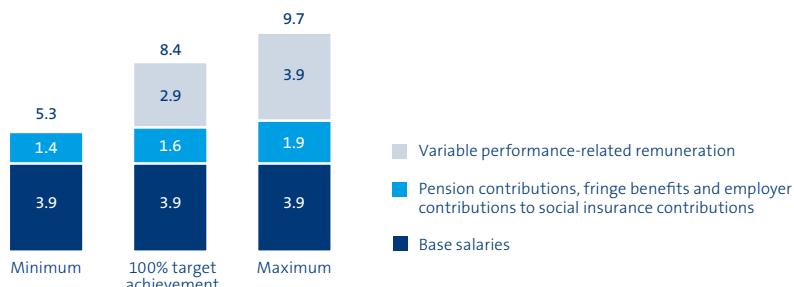
- Base salaries of CHF 3.9 million. This is equivalent to the amount for base salaries as comprised within the total amount approved by the Shareholders' Meeting for 2017. The total amount for 2017 includes a potential increase of 3% in comparison with 2016. No further increase is proposed for 2018. As a rule, the individual remuneration for members of the Group Executive Board is reviewed every three years of employment. Whether the Board of Directors will actually increase the base salary of a member of the Group Executive Board will predominantly depend on the evaluation of the market value of the respective function based

on compensation benchmark information, as well as individual performance. The Board of Directors will determine the base remuneration for 2018 at the end of 2017.

- › Variable performance-related remuneration of CHF 3.9 million maximum should all members of the Group Executive Board outperform their targets. Variable performance-related remuneration can total a maximum of 100% of the base salaries should targets be outperformed. This does not constitute an increase in comparison to the maximum possible variable remuneration for 2017.
- › Pension contributions, fringe benefits and employer contributions to social insurance contributions of CHF 1.9 million. This figure comprises the maximum possible legal and contractual employer obligations for contributions to pensions and social insurance, as well as fringe benefits. The exact amount due to cover these obligations depends, among other factors, on the base and variable remuneration effectively paid, the age of the Group Executive Board members and the insurance contribution rates.

The graph below shows the expected remuneration values comprised within the proposed total amount, which would be due if targets were not reached (minimum), if all targets were reached at 100% and if they were outperformed to the greatest extent possible (maximum).

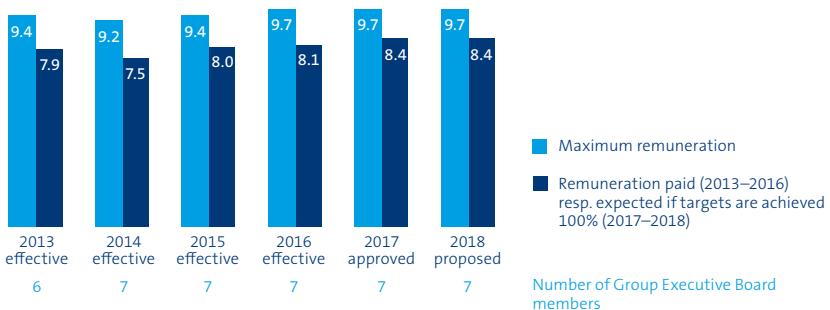
Scenarios of potential Group Executive Board remuneration 2018 (in MCHF)



If targets are achieved at 100%, the total remuneration for 2018 is expected to amount to CHF 8.4 million, as in 2017. This figure comprises an expected fixed base remuneration of CHF 3.9 million, an expected variable remuneration of CHF 2.9 million and an expected CHF 1.6 million in pension contributions, fringe benefits and social insurance contributions. Over the course of previous years, targets have never

been outperformed to such an extent that the maximum possible remuneration was paid out in full. The graph below shows the total remuneration paid out over previous years and the expected total remuneration should targets be achieved at 100% in 2017 and 2018 in comparison with the respective maximum possible remuneration.

**Group Executive Board's remuneration compared to the maximum amounts 2013–2018 (in MCHF)**



The definitive remuneration amounts will be presented in the Remuneration Report for the financial year 2018 and will be subject to the consultative vote in relation to the report, to be held at the Shareholders' Meeting 2019.

## **7 Re-election of the independent proxy**

### **Proposal**

The Board of Directors proposes that the law firm Reber Rechtsanwälte, Zurich, be re-elected as independent proxy for the period of time until the conclusion of the next Shareholders' Meeting.

### **Explanatory notes**

The partners of the law firm Reber Rechtsanwälte and the persons involved in performing the function of independent proxy meet the statutory requirements for independence. Swisscom maintains the normal customer relationships for telecommunications services with the persons involved. These are processed with the same conditions as with third parties. There are no contractual or other relationships that could impair the involved parties' independence. Reber Rechtsanwälte has confirmed that their firm meets the independence requirements to perform this mandate.

## 8 Re-election of the statutory auditors

### Proposal

The Board of Directors proposes that KPMG Ltd., Muri near Berne, be re-elected as statutory auditors for the financial year 2017.

### Explanatory notes

KPMG is a state-supervised audit company registered with the Federal Audit Supervisory Authority and has confirmed to Swisscom that it fulfils the legal requirements concerning independence. KPMG has been acting as Swisscom's auditor since 1 January 2004. Further details about the statutory auditor, in particular the lead auditor and the audit fees, are provided in the Annual Report 2016 in the chapter on Corporate Governance, Section 9.

# Organisational information

## > Annual Report

The Annual Report 2016 can be viewed at the company headquarters of Swisscom Ltd (Alte Tiefenaustrasse 6, CH-3048 Worblaufen). It can also be viewed online at [www.swisscom.ch/report2016](http://www.swisscom.ch/report2016) or be requested using the enclosed registration form or via the shareholder platform Sherpany (please tick the appropriate box).

## > Voting entitlement

Shareholders whose shares have been entered in the Share Register with voting rights by 4 p.m. (CET) on 29 March 2017 are entitled to vote at the Shareholders' Meeting.

## > Admission card and voting documents

Admission cards and voting documents can be ordered upon registration or via the shareholder platform Sherpany. They will be dispatched between 8 and 29 March 2017. If you do not receive the documents in due time, you can collect them in person from the information desk (GV desk) before the start of the Shareholders' Meeting, upon presentation of proof of identity. Admission cards that have already been issued are no longer valid should the corresponding shares be sold and the disposal of the shares be recorded in the Share Register before the Shareholders' Meeting.

## > Representation

Shareholders can be represented as follows:

- a) by another shareholder who is entitled to vote
- b) by the independent proxy Reber Rechtsanwälte, 8034 Zurich

The proxy can be issued in writing with the enclosed registration form and the admission card or electronically via the shareholder platform Sherpany. If instructions are sent to the independent proxy both electronically via Sherpany and in writing, only the electronic instructions will be taken into account. The instructions can be amended at any time until 31 March 2017, 11.59 p.m. (CET).

Voting representation by the corporate proxy and custodian is not permitted.

## > Translation

The Shareholders' Meeting will be held in German and will be interpreted simultaneously into French and English.

## > Webcast

The Shareholders' Meeting will be broadcast live at <http://www.swisscom.ch/shareholdersmeeting>.

#### > Minutes

The minutes of the Shareholders' Meeting will be published online at <http://www.swisscom.ch/shareholdersmeeting> and can be viewed at the headquarters of Swisscom Ltd.

#### > Refreshments

We invite all participants to partake of refreshments following the Shareholders' Meeting.

#### > Contact

*For information on the Shareholders' Meeting*

Phone: 0800 800 512 (free from within Switzerland)  
e-mail: [gvswisscom17@computershare.ch](mailto:gvswisscom17@computershare.ch)  
[www.swisscom.ch/shareholdersmeeting](http://www.swisscom.ch/shareholdersmeeting)

*For changes in address*

Phone: +41 (0)62 205 77 08  
e-mail: [gvswisscom17@computershare.ch](mailto:gvswisscom17@computershare.ch)

---

#### **Enclosures**

- > Pre-paid reply envelope to the Share Register Computershare (Schweiz) AG, Olten
- > Registration with proxy and instruction form
- > Information and access data for the shareholder platform Sherpany



# Details on reaching the venue

## > Arrival by public transport

### *From the Zurich HB*

- > S-Bahn: S2, S6, S7, S8, S9, S14, S15, S16, S19 or S24 to Oerlikon (takes approx. 7 minutes)
- > Tram: nos. 10/14 to Sternen Oerlikon, no. 11 to Messe/Hallenstadion (takes approx. 18 minutes).

### *Public transport discount*

Thanks to the partnership between AG Hallenstadion and SBB RailAway, shareholders will receive a 20% discount on their train ticket when travelling to the Shareholders' Meeting by public transport. This offer applies for journeys to Zürich Oerlikon and return departing from a location in Switzerland which is outside the ZVV region. If the departure station is within the ZVV region you will receive a 10% discount. You can obtain the discounted train ticket at the railway station, at most ticket machines and online in the SBB Ticketshop. The entrance ticket to the Shareholders' Meeting must be presented when the tickets are checked. Information and online purchase at [www.sbb.ch/hallenstadion](http://www.sbb.ch/hallenstadion).

## > Arrival by car

From all directions, follow the sign “((Z)) Messe Zürich-Hallenstadion” as far as Hagenholzstrasse, where you will see the entrance to the Messe/Hallenstadion car park. From the car park, there is a footpath leading directly to the Hallenstadion (approx. 500 m). [www.parkhaeuser.ch](http://www.parkhaeuser.ch)



