We have a responsibility.

Swisscom's four strategic priorities and other commitments.

Corporate responsibility strategy

Sustainable living and working

| Page 83–87

Sustainable use of resources

| Page 88–96

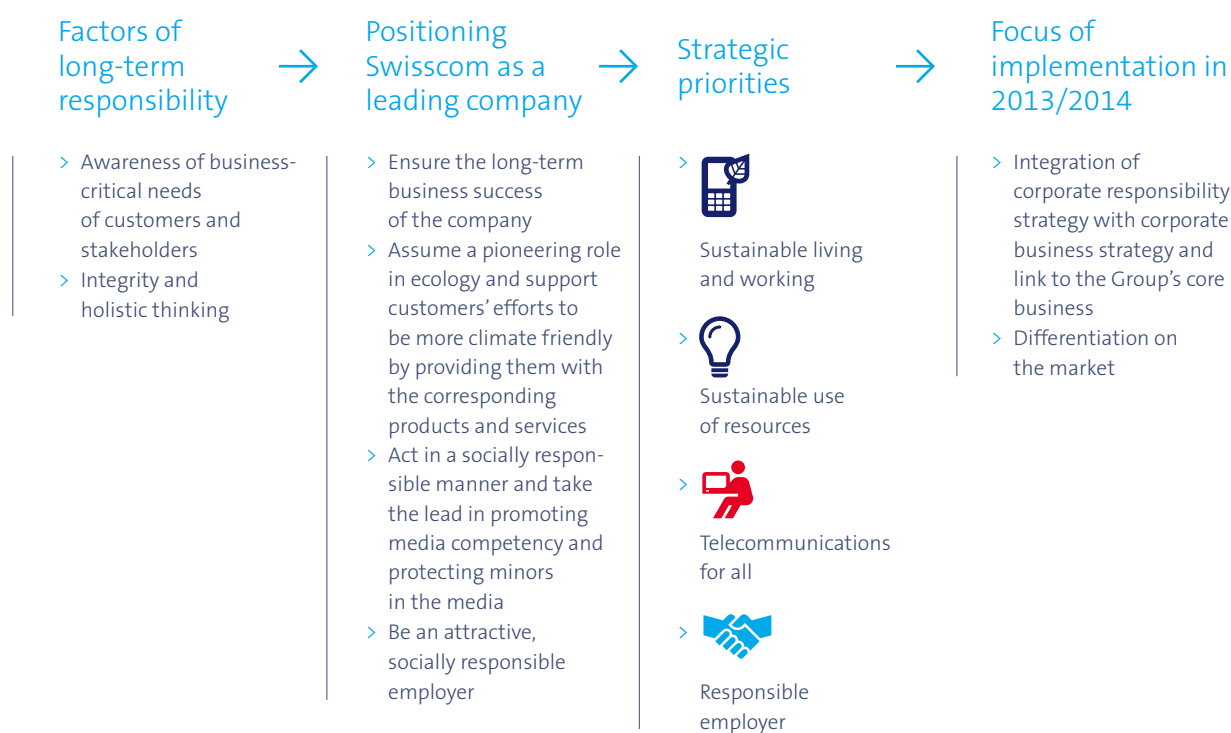**Telecommunications for all**

| Page 97–102

Responsible employer

| Page 103–110

Corporate responsibility strategy

Swisscom takes responsibility seriously – now and in the future.
To this end, it relies on the corporate responsibility strategy
(CR strategy) with its four strategic priorities.
Swisscom pushed ahead in 2012 with dovetailing its CR and
corporate business strategy.

Context and principles

Factors of long-term responsibility	→	Positioning Swisscom as a leading company	→	Strategic priorities	→	Focus of implementation in 2013/2014
> Awareness of business-critical needs of customers and stakeholders > Integrity and holistic thinking		> Ensure the long-term business success of the company > Assume a pioneering role in ecology and support customers' efforts to be more climate friendly by providing them with the corresponding products and services > Act in a socially responsible manner and take the lead in promoting media competency and protecting minors in the media > Be an attractive, socially responsible employer		> **Sustainable living and working** > **Sustainable use of resources** > **Telecommunications for all** > **Responsible employer**		> Integration of corporate responsibility strategy with corporate business strategy and link to the Group's core business > Differentiation on the market

Sustainable management and long-term responsibility are the core values to which Swisscom is committed. They are reflected in the corporate business strategy and defined in concrete terms in the CR strategy. In the year under review, Swisscom continued to work on firmly anchoring environmental and social aspects into its core business, in addition to economic aspects. This will help Swisscom to position itself as a leading company in the area of sustainability.

Strategic priorities

Swisscom's corporate responsibility activities focus on issues which have high relevance for stakeholders and at the same time are closely linked to the company's core business. Swisscom has the following four strategic priorities:

Sustainable living and working

Swisscom supports customers in their pursuit of a sustainable way of living and working.

Swisscom supports customers in their endeavours to conserve resources. Green ICT enables companies to massively reduce energy consumption and CO_2 emissions: video conferencing and home-office solutions generate savings in travel time and costs, and buildings and networks can be managed in an energy-efficient manner thanks to ICT solutions. Swisscom offers Green ICT Check, a simple tool that enables companies to assess their potential energy and CO_2 savings. Swisscom also provides residential customers with numerous ways to manage their carbon footprint, from online billing to a recycling service for mobile phones.

Main goal:
Swisscom aims to increase revenue generated from Green ICT services by 10% a year.

Sustainable use of resources

We work closely with our suppliers to ensure the highest standards of sustainability in terms of how we use natural resources.

Swisscom is among Switzerland's ten biggest purchasers of electricity. It meets its full electricity requirements from renewable domestic energy sources and is one of the biggest purchasers of wind and solar power in Switzerland. Since 1998, Swisscom has substantially cut CO_2 emissions from vehicles and buildings. Swisscom also requires that suppliers comply with high ecological and corporate social responsibility standards.

Main goal:
Swisscom aims to improve energy efficiency by 20% vis-à-vis the 2010 reference year.

Telecommunications for all

Swisscom is committed to ensuring that everyone in Switzerland knows how to use digital media safely and securely.

Swisscom enables everyone in Switzerland to access digital media and also helps them to use these media responsibly. To date, Swisscom has provided free Internet access to around 6,800 schools and introduced over 100,000 first-time users to the digital world through training courses. Swisscom also provides technical products and offerings aimed at protecting young people in the use of online media and promoting media skills.

Main goal:
Swisscom will hold 800 courses (15,000 pupils) in 2013 aimed at improving media skills of young people and adults.

Responsible employer

Swisscom is one of the most popular employers in Switzerland and acts in a socially responsible manner.

Swisscom offers employees the opportunity to develop their knowledge and skills and promotes work-life balance. Fair terms and conditions of employment are as important to Swisscom as an active social partnership and an above-average commitment to vocational training. Employees also have the chance to get involved in social and community projects, for example, by participating in the Corporate Volunteering Programme.

Main goal:
To ensure diversity, Swisscom aims to increase the percentage of women in management to 20% in the medium term.

Further commitment

In addition to the four strategic priorities, Swisscom is committed to a wide range of social and cultural areas. More information on this report and on Swisscom's commitment can be found in the appendix, which can be called up online. Numerous activities in research and development are also part of Swisscom's long-term responsibility. The innovation process and selected innovation projects are described in the last part of this section.

Swisscom's responsibility towards the public

Commitments and participation
As a responsible corporate citizen, Swisscom actively participated in discussions on the following issues during the reporting year:
> Sustainable conduct in the ICT sector
> ICT in the education system
> Improvements in customer service (for example, consumer protection)
> Nationwide provision of the mobile and broadband infrastructure in Switzerland
> Improvement of customer information systems (for example, information on mobile phone services for customers abroad)
> ICT und energy reform

During the year under review, Swisscom submitted statements as part of consultations at federal level on the proposed revision of the anti-trust law, as well as the revision of the Telecommunications and Radio and Television Act (RTVG). The statements can be viewed on the website of the authorities in question.
These statements are based on the following principle: promotion of self-regulation and competition in an open marketplace. Numerous attractive new customer offers and major investments made in the reporting year underscore this principle.

Common-interest associations
Swisscom is involved in various industry associations: economiesuisse, SwissHoldings, ICT Switzerland, Glasfasernetze Schweiz and asut. It has a seat on the Boards of economiesuisse, Glasfasernetze Schweiz and asut, where it seeks to promote stable, legal framework conditions as a prerequisite for continued investment in costly infrastructure expansion. Swisscom invested around CHF 1.6 billion in Switzerland's telecoms infrastructure in 2012.

Memberships and partnerships

Swisscom works as an association member or in projects with various partners on specific issues relating to the four strategic priorities.
> **Sustainable living and working:** the myclimate foundation; the Swiss Research Foundation on Mobile Communication (FSM)
> **Sustainable use of resources:** Energy Agency for Industry (EnAW); WWF Switzerland; Global e-Sustainability Initiative
> **Telecommunications for all:** Swiss Foundation for the Protection of Children; Federal Social Insurance Office – a national programme that promotes media skills and access for all.
> **Responsible employer:** Swiss Women's Network; the Swiss Employer's Association

Further partnerships are listed in the appendix.

Swisscom's targets

The following table shows the targets for each strategic priority and in CR governance, and how much progress has been made. The indicators below, which are in accordance with GRI, relate to reporting boundaries such as those described in the section Group structure and organisation.

The most important indicators

Priorities of the CR Strategy	Targets	Status/Measures The target is considered achieved if within a tolerance of 5%, not achieved or exceeded outside the tolerance
Management/Governance		
Reporting boundaries/Data collection Specification of reporting boundaries and expansion of data collection systems for sustainability reporting **KPI:** The extent to which management systems and indicators within the reporting boundary are covered	**2012:** **Consolidation of data collection** 2013: Integration in processes	**2012 target achieved** List of group companies continuously updated, integration of new companies in the data collection system Measure 2013: > Further integration in process Acquisition and Mutation
Anti-corruption (GRI-SO2) **KPI:** Implementation of training on anti-corruption directive	**2012:** **Training of divisions at risk** 2013: Training integrated in Compliance Process	**2012 target achieved** Hint: KPI was adjusted in 2012 (restriction to divisions at risk) Measure 2013: > Further development and establishment of training
Sustainable living and working		
Rise in net revenue in Green ICT portfolio (GRI-EN26) Eco-friendly products and services for corporate customers (B2B) **KPI:** Rise in net revenue in the defined Green ICT portfolio	**2012:** **+10% versus prior year** 2013: +10% versus prior year	**2012 target not achieved (8.8%)** Measures 2013: > Promote further eco-friendly offerings > Issue of further Green ICT certificates > Project partnerships with NGO
Expand the portfolio of eco-friendly offerings (GRI-EN26) **KPI:** Number of offerings certified by myclimate (NGO)	**2012:** **Residential customers: 3** **Corporate customers: 17** 2013: Residential customers: 3 Corporate customers: 19	**2012 target residential customers not achieved (1)** **2012 target corporate customers exceeded (18)** Measures 2013: > Evaluate suitable products or design suitable new products and services > Determine environmental benefits compared to standard products > Current portfolio at www.swisscom.ch/myclimate
Mobile phone take-back (GRI-EN26) Increase of the return rate **KPI:** Return rate (percentage of sold mobile phones returned for recycling)	**2012:** **12%** 2013: 14%	**2012 target achieved (11.4%)** Measures 2013: > Raise awareness among shop staff > Communication campaign
Reduction in paper consumption (GRI-EN26) **KPI:** Percentage of residential customers switching to online billing	2015: 30%	**Percentage reached in 2012: 15% (865,000 customers)** Hint: KPI was adjusted in 2012 Measures 2013: > New products with online billing as default payment method > Direct mailing for suitable customer segments > Joint action with the WWF (Switzerland)
Training of Touch Point (shop/call centre) staff (GRI-EN26) Shop and call centre staff trained in customer concerns/messages relating to environmental/social accountability **KPI 2012:** Number of trained Touch Point staff **KPI 2013:** Training on Corporate Responsibility (CR)	**2012:** **30%** 2013: Course set up and performed for the first time	**2012 achievement is not measured, but integrated CR stronger in basic training** Measure 2013: > Develop and rollout specific course
Sustainable use of resources		
Environmental management system (EMS) Applicability of individual EMS requirements extended to include Group companies in Switzerland **KPI:** Number of established and trained contacts at Group companies in Switzerland	**2012:** **17** 2013: Completed. No further target	**2012 target achieved (17)** > 14 contact points without an EMS > 3 contact points with an EMS
Renewable energy (GRI-EN4) **KPI:** Extent to which electricity requirements are covered by renewable energy	**2012:** **100%** 2013: 100%	**2012 target achieved (100%)** Measures 2013: > Purchase of renewable energies (electricity) > Compensation with certificates > Verification by WWF
Energy efficiency (electricity) (GRI-EN6) Continual increase in energy efficiency **KPI:** Increase in energy efficiency EE Basis 1.1.2010 > TEC = total energy consumption > AES = accumulated energy savings $EE = \dfrac{TEC + \sum AES}{TEC}$ Source: adapted from FOEN guidelines	2015: +20% compared to January 1st 2010	**Increase in efficiency 2010–2012: +15%** Measures 2013: Implementation of other cost-cutting and efficiency measures including > Use of Mistral cooling system (cooling with fresh air) > Decommissioning and technology improvements > Increased efficiency in data centres > Virtualisation of servers
Reduction in direct CO_2 emissions (GRI-EN18) Focus on direct emissions from fossil fuels (Scope 1) **KPI:** CO_2-emissions from fuel consumption	2015: −12% compared to January 1st 2010	**Reduction achieved 2010–2012: −6%** Measures 2013: > Implementation of further efficiency measures > Further implementation of the procurement roadmap (vehicles)

Priorities of the CR Strategy	Targets	Status/Measures The target is considered achieved if within a tolerance of 5%, not achieved or exceeded outside the tolerance
Optimised CO_2 emissions of vehicles fleet (GRI-EN29) Focus on direct emissions from fossil fuels (Scope 1) KPI: Average CO_2 emissions per car in gram CO_2/km according to manufacturer data	**2012:** **138 g CO_2/km** 2013: 128 g CO_2/km 2015: 110 g CO_2/km	**2012 target exceeded (131 g CO_2/km)** Measure 2013: > Further implementation of the procurement roadmap (vehicles)
Responsibility in the supply chain		
Risk evaluation of supply partners from high-risk product groups (GRI-HR2) KPI: Percentage of supply partners subjected to a risk evaluation (as % of total number of supply partners from high-risk product groups)	**2012:** **100%** 2013: Completed. No further target	**2012 target achieved (100%)**
Risk evaluation of supply partners from medium-risk product groups (800 supply partners) (GRI-HR2) KPI: Percentage of supply partners subjected to a risk evaluation (as % of total number of supply partners from medium-risk product groups)	**2012:** **25% (200)** 2013: 35% (280)	**2012 target exceeded (27.8%/223)** Measures 2013: > Delivery partners from product groups with medium risk profile are evaluated using an evaluation form and prioritised if necessary > Appropriate risk reduction measures can be defined, implemented and maintained
Review of supply partners from medium-risk product groups (GRI-HR2) KPI: a) Number of supply partners with a high-risk profile who have been audited (audits) b) Number of supply partners with a medium risk profile, which carried out a self declaration	**2012:** **a) 6** **b) 80** 2013: a) 4 b) 30	**2012 target** **a) achieved (6)** **b) not achieved (28),** due to adaptation of technical solution (E-TASC) Measures 2013: a) Perform audits within the framework of the Joint Audit Cooperation (JAC) of supply partners with a high-risk profile b) Number of delivery partners with a medium risk profile, which carried out a self-declaration
Implementation of CR agreements (GRI-HR2) KPI: Percentage of order volume generated with supply partners who have signed the Swisscom CR agreements	**2012:** **90%** 2013: 95%	**2012 target achieved (93%)** Measure 2013: > Expand CR specifications to include other supply partners
Telecommunications for all		
Promoting media skills: Media courses for parents and teachers (GRI-PR6) KPI: Number of external participants in the media courses on offer	**2012:** **5,000** 2013: 5,000	**2012 target exceeded (5,240)** Measures 2013: > Expanding the range of online platform > Further marketing of the offer
Promoting media skills: Courses for pupils (secondary school) (GRI-PR6) KPI 2012: Number of training courses KPI 2013: Number of pupils	**2012:** **600 (10,800 pupils)** 2013: 15,000 (ca. 800 training courses)	**2012 target exceeded (640/11,957 pupils)** Measures 2013: > Further development of the course program > Intensification of communication
Promoting media skills: User courses for senior citizens (GRI-PR6) KPI: Number of participants	**2012:** **16,000** 2013: 16,000	**2012 target not achieved (12,831)** Measures 2013: > Further development of the course program > Intensification of communication
Access for all (accessibility) (GRI-SO1) Improve barrier-free nature of Swisscom's online presence KPI: Achieve AA rating in accordance with Web Content Accessibility Guidelines	**2012:** **AA rating for online presence** 2013: AA rating for online presence	**2012 target not achieved** Measure 2013: > Implementation of recommendations in the current online accessibility projects
Responsible employer		
Diversity (GRI-LA1) Increase proportion of women in management to 20% KPI: Percentage of women in management (Group Executive Board and Management levels 1 to 5)	Medium term (3–5 years): 20%	**Starting point 2010: 9.9%** **Percentage 2012: 11.0%** Hint: KPI was extended in 2012 on entire management Measures 2013: > Special mentoring programmes > Transparent and targeted recruitment > Women's network > Talent Management
Occupational health management (GRI-LA7) Reduction in the staff absence rate KPI: Absences in days/target days (weighted by FTE) x 100; target days are based on the standard working hours	2015: 2.1%	**Starting point 2010: 3.0%** **Percentage 2012: 2.9%** Measures 2013: > Further professionalise case management > More professional application of the pro-presence method > Instil personal prevention culture – line managers and employees
Corporate Volunteering (GRI-LA) KPI: Number of volunteer days	**2012:** **600 days** 2013: 1,000 days	**2012 target exceeded (748 days)** Measures 2013: > Expansion of the use of corporate volunteering, etc. as a staff development tool

Corporate responsibility governance and implementation

Embedded in the strategy

The Board of Directors of Swisscom is committed to pursuing a strategy oriented on sustainability. The Board addresses economic, ecological and social issues in plenary sessions and in the various Board committees. Implementation of the strategy is delegated to the CEO of Swisscom Ltd. The CEO can transfer powers and responsibilities to subordinate units and is supported in operational management by the members of the Group Executive Board.
The Group Communications & Responsibility division is responsible for the implementation of the CR strategy.

Board of Directors' responsibility

The Board of Directors is responsible for approving the long-term CR strategy. It acknowledged the present governance report and targets for 2013 and approved the strategic priorities. The Board of Directors is informed in quarterly reports on the implementation status of the CR strategy and achievement of the targets.

Responsibility of the Group Executive Board

The Group Executive Board convenes twice a year to discuss further development of the CR strategy and four times a year to discuss its implementation. In November, it reviews the past year and approves the goals for the coming year.
The Group Executive Board has the following controlling instruments at its disposal, which were introduced in 2010:
> Weekly reports prepared by Group Communications & Responsibility, with information on measures and trends
> Quarterly reports, with information on the key performance indicators based on the strategic priorities
> Quarterly reports drawn up by Risk Management

In March 2011, Group Executive Board members and members of the Executive Board of Swisscom Switzerland were nominated as internal sponsors for the strategic priorities of the CR strategy. They are responsible for progress and performance within their respective priority areas. The areas of responsibility are aligned to the core tasks of the respective Group Executive Board members and defined as follows:
> **Overall management**: Head of Group Communications & Responsibility
> **Sustainable living and working:** Head of Residential Customers, Head of SME, Head of Corporate Business and the CEO of Swisscom IT Services Ltd
> **Sustainable use of resources:** Head of Network & IT and the CFO of Swisscom (Switzerland) Ltd
> **Telecommunications for all:** Head of Residential Customers
> **Responsible employer:** Head of Group Human Resources

This ensures that the priority areas are binding and firmly embedded in the company.

Role of the corporate responsibility team

The CR team is responsible for coordinating the implementation of the CR strategy, including leveraging synergies across all divisions. The team's specific tasks are:
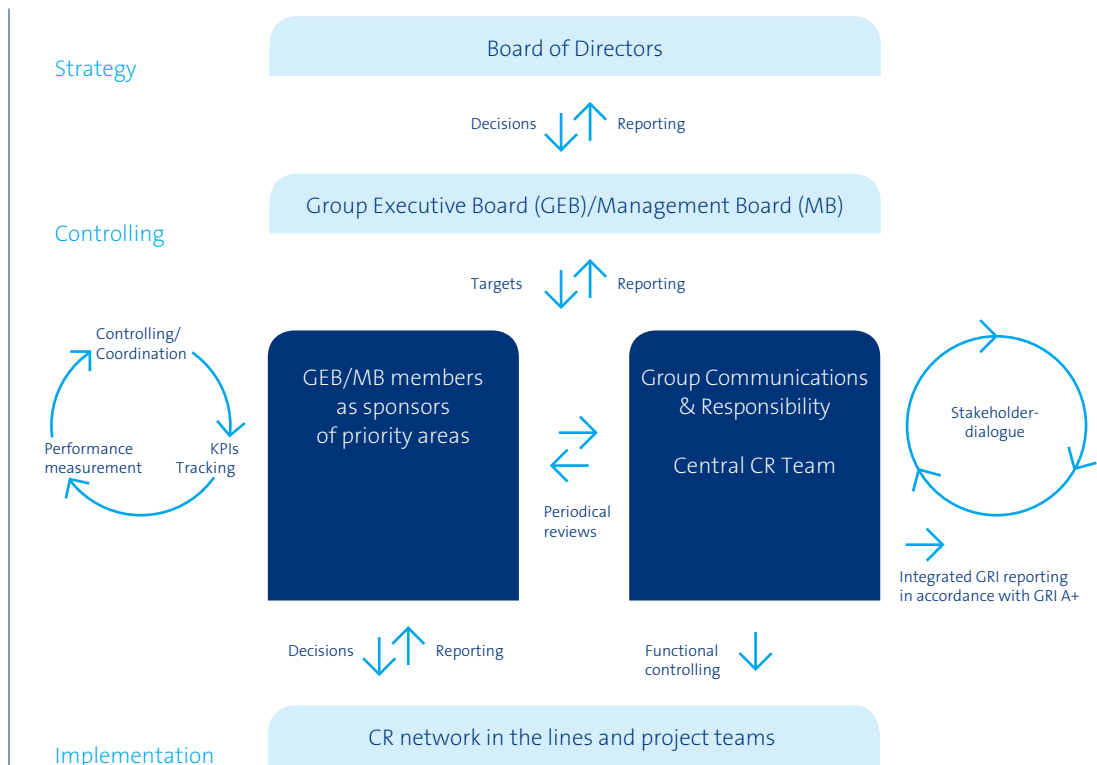
> Drawing up the CR strategy (goals/priorities) in conjunction with line and support units
> Supporting the sponsors from the Group Executive Board
> Coordinating implementation of the strategy and initiation of measures
> Formulating requirements for implementation of the CR strategy
> Engaging in dialogue with stakeholders
> Engaging in dialogue with strategic partners (including NGOs)
> Reporting to internal and external stakeholders
> Liaising with Group Finance & Controlling in the area of sustainability reporting, and drawing up the Annual Report

Line units and the corporate responsibility network

Depending on the strategic priority in question, measures are implemented in project teams or line units. Further management members are designated for each division and these persons are responsible for implementing the measures at operational level in close collaboration with the CR team.

Members of the Group Executive Board are responsible

GEB/MB members provide line units with support and advice.

Strategy

Board of Directors

Decisions ↓↑ Reporting

Controlling

Group Executive Board (GEB)/Management Board (MB)

Targets ↓↑ Reporting

Controlling/
Coordination

Performance measurement   KPIs Tracking

GEB/MB members
as sponsors
of priority areas

→
←

Periodical reviews

Group Communications
& Responsibility

Central CR Team

Stakeholder-
dialogue

Integrated GRI reporting
in accordance with GRI A+

Decisions ↓↑ Reporting   Functional controlling ↓

Implementation

CR network in the lines and project teams

Sustainable living and working

Swisscom supports customers in their pursuit of a sustainable way of living and working. Climate-friendly and low-radiation products and services to residential customers and Green ICT services to business customers belong to its portfolio.

Environment and objectives

A study by the Global e-Sustainability Initiative found that the ICT sector has the potential to cut global CO_2 emissions by some 15%, for example, by replacing business trips with videoconferencing or establishing communications solutions for home offices. Furthermore, the optimisation of vehicle fleets, the use of energy-efficient services from data centres and the intelligent control of buildings, equipment and power networks all contribute to lowering CO_2 emissions and saving energy using ICT technology.

Swisscom is aware of its responsibility in the ICT sector and undertakes a host of initiatives to structure its offerings in a more resource-friendly and energy-efficient manner, as well as offering products and services to help customer reduce their CO_2 emissions and save energy.

Ecological, socially acceptable product innovation

The CR strategy is an integral part of the product design process, during which information is gathered on the effects of new products on the four strategic priorities using a CR checklist. If the effects are shown to be substantial, the appropriate measures are taken.

Measures for increasing net revenue from Green ICT products:
› Expanding the portfolio to include eco-friendly products
› Issuing Green ICT certificates to customers
› Entering into project partnerships
› Communicating and marketing the Green ICT portfolio

Mobile phone recycling
Swisscom Mobile Aid
Number of devices returned in 2012

170 thousand

Climate-friendly products and services for residential customers

Offering for residential customers

During the year under review, Swisscom Switzerland's Residential Customer segment consolidated its programme for sustainable living and working. The aim of the programme is to optimise products and services from an ecological point of view (for example in terms of radiation and energy efficiency) and ensure transparency in communication with residential customers.

Life-cycle assessments of Swisscom's networks and devices carried out in recent years have consistently identified the following three aspects as the main environmental impact factors:
> **Energy consumed by** devices through customer use
> **Energy consumed producing the devices**
> **Energy consumed by** network elements

Measurable successes of the programme in the reporting year:
> **1-W set-top box:** Swisscom launched new models of the set-top boxes in spring 2012 which feature a low power mode with an energy consumption of only 0.4 watt. Swisscom further developed the low power mode until November 2012 so it now also offers the programmed recording feature. This means that all new set-top boxes can now be supplied with the low power mode as the default setting. Aside from a slightly longer start-up time, customers experience no disadvantages whatsoever as a result of this change.
> **Ecomode plus:** cordless phones with Ecomode plus emit only minimal levels of radiation. Almost all of the cordless phones sold by Swisscom are now Ecomode plus models.

Swisscom is making existing customers aware of the following possibilities for saving energy:
> **Set-top boxes:** activation of the power-saving mode, if the customer has one of the new set-top boxes on which the low power mode is not the default setting, and the option of switching off the set-top box when they are not being used – provided that the customer has another set-top box.
> **Eco points:** mobile handsets of individual makers differ not only in terms of design and performance but also in terms of environmental compatibility. Information on the energy consumption or the raw materials used in the manufacture of the devices until now has not been readily available to customers. To create more transparency, Swisscom became the first provider to introduce eco points in Switzerland in 2011. All the devices in Swisscom's portfolio are rated according to three equally weighted criteria: low energy consumption, low energy consumption in manufacture and responsible choice of raw materials. Eco points are limited to ecological aspects. The more points a device receives, the greater the environmental compatibility. This means that in future customers will be able to factor environmental compatibility into their purchase decisions. In 2012, Swisscom began further developing the eco point rating system and applying it to fixed-line devices. As of the start of 2013, Swisscom customers will thus be able to benefit from the independent eco point rating provided by myclimate when purchasing fixed-line devices.

> **Recycling:** Swisscom provides a two-year guarantee on all telecoms devices such as phones, modems, mobile phones and mobile unlimited USB modems and also offers repair services. In addition, any electronic devices from the Swisscom range can be returned to Swisscom for recycling, and equipment such as routers is reused where possible. This service is performed in cooperation with SWICO Recycling, the recycling commission of the Swiss Association for Information, Communication and Organisational Technology and is financed by a recycling fee charged in advance. Recycling statistics are available from SWICO.

> **Swisscom Mobile Aid (formerly Solidarcomm):** in 2012, around 170,000 mobile handsets were returned for recycling and many of these were sold via a third-party company to countries where there is a demand for low-priced second-hand devices. All proceeds from the sales go to the réalise social organisation and the terre des hommes suisse and SOS Kinderdorf Schweiz relief organisations. Devices that can no longer be sold are professionally recycled. The return rate of used mobile handsets has increased in comparison to previous years. This is in large part due to a Swiss-wide collection drive launched in November 2012 in collaboration with Valora, SOS-Kinderdorf and the Ringier media enterprise. The Swiss population turned out in large numbers to donate their old mobile handsets. The response rate in 2012 amounted to 11.4% (prior year: 8.9%) and the target of 12% was thus met (tolerance threshold of 5%).

> **Online billing:** online billing is increasingly seen as an attractive, environmentally friendly alternative to a paper bill. The number of customers who opted to receive their bill online rose from 723,000 in 2011 to 865,000. This represents an increase of 19.6% as of the end of 2012 compared with the previous year. Swisscom has taken a wide range of steps to further improve the appeal of online billing, primarily by showing the customer that online billing not only benefits the environment, but also saves the customer time and money thanks to the simplified procedure.

Green ICT for business customers

Green ICT programme

Swisscom's Green ICT programme features products and services that are designed to help business customers reduce their energy consumption and CO_2 emissions. The following categories apply to Green ICT services:
> **Reducing business travel:** virtual conferences, solutions for home offices and mobile working, solutions for optimising logistics
> **Saving energy:** outsourcing and virtualising servers in efficient data centres, solutions for efficient workplaces
> **Saving paper:** solutions for paper-saving printing and working without paper

The respective products and services are labelled as recommended by myclimate. The climate recommendation label indicates the energy and CO_2 savings compared with previous consumption behaviour.

In 2012, Swisscom once again implemented numerous measures to increase the utilisation of Green ICT services and thus reduce CO_2 emissions.

Swisscom expanded its offering of the Green ICT services bearing the myclimate label. These new services include, for example, the Conextrade electronic trading platform, which allows for paperless transactions and billing, and Printing Solutions, which helps save paper, toner and energy.

The continued growth in revenue recorded in the year under review demonstrates the appeal of Green ICT services.

2012 also saw Swisscom issue more customers in Western and German-speaking Switzerland with Green ICT certificates. The certificates state the amount of emissions that the Swisscom customers have saved by using Green ICT products. 43 customers have so far received these Green ICT certificates. They save annually more than 10,000 tonnes of CO_2 and approximately 6,400 MWh.

**CO_2 savings achieved
thanks to Green ICT services:**
In 2012, companies issued
with Green ICT certificates achieved
CO_2 savings of

10,000 tonnes

**Energy savings achieved
thanks to Green ICT services:**
These companies also jointly
saved energy in 2012 totalling

6.4 GWh

Swisscom and the University of St. Gallen jointly investigated the attitude of Swiss companies towards Green ICT. 758 companies took part in the survey. The results have been available since October 2012 and are published on the Swisscom Green ICT homepage.

The survey showed that Green ICT services are already being well utilised mainly by large businesses, while there is still substantial potential for more use among smaller companies. Especially services in the area of mobile working are subject to wide use while other applications for optimising logistics or buildings are less popular.

Other activities undertaken by Swisscom in the area of Green ICT include the following:

> **National Home Office Day:** Swisscom has supported the Home Office Day as a partner since its inception in 2010. Swisscom participated in the national Home Office Day for the third time and continued to raise awareness of the advantages of this working method for companies and employees.

> **New working methods:** Swisscom held a Green ICT event in November 2012 at which Swisscom customers and members of the Swiss Association for Environmentally Conscious Management (ÖBU) were informed as to how companies can save on costs and resources by implementing new working methods such as home offices and efficient workplaces – while at the same time boosting employee motivation and performance.

> **Relieving the pressure on transport routes thanks to new working methods:** at the end of 2012, Swisscom worked together with the SBB to initiate a study to investigate the extent to which new working methods may relieve the pressure placed on transport routes. As part of this study, several hundred SBB and Swisscom employees will test – until spring 2013 – the extent to which new working methods free up heavily utilised trains and roads in peak times. The results will be published in summer 2013.

Green ICT at Swisscom

Swisscom is not only encouraging its customers to use Green ICT, but is also using Green ICT solutions internally:

> 18 Swisscom sites are now equipped with the Telepresence virtual videoconferencing solution.

> Practically all employees are now able to set up videoconferencing and desktop sharing with other colleagues at the click of a mouse, enabling them to work part of the time from home. Swisscom's participation in Home Office Day has also served to further embed the topic of new ways of working in the company culture. Swisscom consequently issued guidelines for the first time on the internal utilisation of home offices.

> In the year under review, Swisscom schooled employees in the "Corporate Customers" and "Small and Mid-Sized Enterprises" segments on the subject of Green ICT and sustainability, using a "Hello Future Dialogue" communication package. The individual teams presented their contributions to sustainability. The best team contributions received an award at a joint event with divisional management.

> All Swisscom employees received the Virtual Meeting Reminder at the end of 2012. When scheduling meetings, this small IT tool reminds employees across various locations to conduct the meeting as an electronic meeting. In addition, the tool automatically calculates the potential savings in time and CO_2 emissions.

Low-radiation communications technologies

Advice and information on wireless technologies and the environment

Specially trained Swisscom employees advise persons involved in the construction and operation of mobile networks as well as stakeholder groups seeking general information on wireless technologies, the environment or health. During the reporting year Swisscom held over 600 discussions with key stakeholder groups on the subjects of mobile communications and the environment. In the majority of cases, it was local projects for expanding the mobile network that had given rise to such discussions.

Research and development in the area of electromagnetic fields

Swisscom works with and financially supports the Swiss Research Foundation on Mobile Communication (FSM) based at the Federal Institute of Technology in Zurich, and employs four qualified employees to monitor and interpret the latest research findings on electromagnetic fields, their effect on organisms and the measurement of emissions.
Mindful of the major responsibility that operating its wireless networks entails, Swisscom follows scientific research by internal and external experts into the effects of non-ionising radiation on organisms. It also analyses the research findings and supports relevant scientific activities.
Based on current knowledge, scientists consider the current limits for electromagnetic fields as safe (see WHO Fact Sheets Nos.193 and 304).

Certification of quality assurance system for compliance with ONIR limits

Swisscom is required to operate a quality assurance system (QAS) for the base stations of its mobile network to ensure that the antennae in operation comply with the statutory limits at all times. In 2005, Swisscom decided to have this quality assurance system certified to the ISO 15504 standard. The quality assurance system was audited in November 2012 by an external auditor mandated by SGS. Swisscom passed this audit of the quality assurance system, scoring a capability level of 4 (out of a maximum of 5), which means that the processes relevant for the QAS are "targeted and measureable".
The legal obligation to limit emissions from mobile communication installations in Switzerland comes from the Ordinance relating to Protection against Non-Ionising Radiation (ONIR), the aim of which is to protect people against harmful or undesirable non-ionising radiation. The Ordinance applies to the operation of fixed installations that emit electrical and magnetic fields with frequencies between O Hz and 300 GHz. Swisscom complies with the ONIR limits. The Swiss limits are 10 times lower than those in the European Union.

Duty to provide information on products offered at points of sale

Swisscom provides information on the radiation levels of the mobile handsets that it sells. Prices on all products on display and offered by Swisscom are clearly disclosed as prescribed by the Federal Ordinance on the Disclosure of Prices. This declaration is supplemented by relevant technical information on the products. Customers and other interested parties can also find information on levels of radiation emitted by mobile handsets (so-called SAR values) at Swisscom points of sale and on the Swisscom website. There is no legal obligation to provide this information. By doing so, Swisscom is responding to a need by customers for whom radiation levels are particularly important when it comes to choosing a mobile phone. It goes without saying that no mobile handsets offered exceed the limit of 2W/kg; half (48.7%) are below 0.8 W/g and 28.2% even have a SAR value below 0.6 W/kg (product portfolio as at December 2012).

Sustainable use of resources

Swisscom endeavours to meet the highest standards when it comes to the use of resources. Operating energy-efficient infrastructures and using and generating renewable energies is key for Swisscom – particularly in light of Switzerland's energy reform policy. Swisscom has also joined various international initiatives aimed at promoting accountability in the supply chain.

Environment and objectives

The energy turnaround, climate change and responsibility in the supply chain are key issues for Swisscom and its stakeholders. Swiss energy policy is on the verge of withdrawing from the nuclear energy programme and transitioning to renewable energies with low CO_2 emissions. Swisscom is thus placing an even greater focus on increasing its own energy efficiency.

Both the environmental and the purchasing policies provide a framework for Swisscom to use its resources sustainably. Management norms, standards and internal policies allow the planned saving and efficiency measures to be systematically implemented. Swisscom subsidiaries of significant environmental relevance are ISO 14001 certified. The companies concerned are: Swisscom (Switzerland) Ltd, Swisscom Broadcast Ltd, Swisscom IT Services Ltd and cablex Ltd, all of which are also ISO 9001 certified. The foreign subsidiary Fastweb S.p.A. is also ISO 14001 certified. Based on headcount, the management systems and processes certified to ISO 14001 cover more than 95% of the Group (including Fastweb).

Swisscom has set itself ambitious targets for the end of 2015: measures in the network infrastructure area are expected to achieve a further 20% improvement in energy efficiency compared with 1 January 2010. During the same period Swisscom aims to cut direct CO_2 emissions by a further 12%, chiefly through measures in the area of employee mobility and infrastructure. Overall, Swisscom is aiming for a 60% reduction in direct CO_2 emissions by the end of 2015 compared to the reference year 1990. Swisscom is currently using scenario calculations to determine how much energy will be consumed in 2020. Furthermore, Swisscom has extended its target agreement with the Energy Agency for Industry (EnAW) until 2020. The aim of this target agreement is to reduce CO_2 emissions and increase energy efficiency.

Energy-efficient infrastructure

Energy consumption as the principle environmental impact factor

The greatest impact Swisscom has on the environment is caused through its energy consumption. Swisscom is striving to boost energy efficiency and rely more on renewable energies in order to minimise its environmental impact. In addition to the network infrastructure described in the Management Commentary, Swisscom operates a substantial real estate portfolio itself. This comprises offices, commercial buildings, local exchanges and data centres. Swisscom does not control any warehouses or distribution centres, but does maintain a vehicle fleet of company and commercial vehicles.

Energy management at Swisscom

The Swisscom energy management programme comprises the following processes:

> Determining energy consumption over a specific period of time
> Determining the electricity mix
> Generating electricity
> Rational use and increase of energy efficiency
> Reusing waste heat

Swisscom's energy consumption has been estimated up to 2015. The resulting catalogue of measures aims to reduce the increased electricity consumption by 85 gigawatt hours (GWh) by 2015 and increase efficiency by 20%. Additional measures are constantly being examined. Swisscom also determines the electricity mix and is increasing its sustainability by giving preference to electricity procurement from renewable energy sources. Swisscom started to generate its own electricity in 2005 and sees this as an important contribution towards a sustainable energy policy. For example, Swisscom builds solar installations wherever it makes economic sense. In addition, Swisscom also makes use of waste heat where possible.

Consumption of electricity from renewable sources and green electricity

Swisscom's energy consumption totalled 430 GWh in 2012 (prior year: 411 GWh). The increase is the result of expansion in activities and the network infrastructure. Over the medium term, the demand for electricity is expected to remain around the current level. For the electricity mix used for the network infrastructure and for consumption in buildings managed by Swisscom, compensation has been paid since 2010 for the share of nuclear power, electricity of unknown origin and electricity from fossil fuels. Thus, again in 2012 Swisscom relied fully on electricity from renewable sources. Swisscom's company claim "100% renewable energy" is verified externally by the WWF. In 2012, Swisscom purchased 1.7 GWh of "naturemade star" energy from solar power (0.7 GWh) and wind power (1 GWh). This makes Swisscom one of Switzerland's largest purchasers of wind and solar power.

Saving and efficiency measures when using fossil fuel to generate heat

Swisscom measures monthly the consumption of heating oil, natural gas and district heating in its 61 biggest buildings which together make up over half of the total space. It extrapolates these figures to calculate the overall annual consumption using a new method introduced in 2011. Actual consumption figures will not be known until the bill for heating and operating costs is issued in the second quarter of 2013.
During the reporting year, Swisscom consumed 201 terajoules (55.8 GWh) of fuel to heat buildings (prior year: 49.3 GWh). The heating mix comprises 74% heating oil, 11% natural gas and 15% district heating.
Swisscom intends to further reduce the amount of energy it uses to heat its buildings. For this purpose, it has systematically pursued initiatives throughout 2012 which aim to reduce energy consumption and CO_2 emissions in buildings. A detailed energy monitoring system has improved the data set, thus ensuring a more in-depth energy analysis. Accurate energy analyses were carried out on eleven buildings in 2012, with five buildings successfully undergoing operational optimisations. A further ten energy analyses are scheduled for 2013. The "Pioneer" project – set up together with Johnson Controls – ensures that operating conditions that have been optimised maintain low energy consumption levels over the long term. Swisscom also carried out further structural renovations in 2012, for which an internal eco form was used indicating the CO_2 reduction levels achieved by the building projects. In 2012, Swisscom identified 25 eco-relevant building projects, as part of which 17 measures were implemented.

Saving and efficiency measures in fuel consumption and mobility policy

The ability to provide first-class customer service and expand the network infrastructure depends on the seamless mobility of staff. A total of 69.9 million kilometres were driven in 2012 in the service of customers, representing energy consumption of 168.3 terajoules (46.7 GWh). Fuel consumption fell by 1.4% year-on-year.

Thanks to a progressive replacement strategy, average CO_2 emissions per vehicle should be reduced from 150 g CO_2/km (2010) to 110 g CO_2 for each kilometre travelled in 2015. In accordance with the New European Driving Cycle (NEDC), CO_2 emissions from cars in the Swisscom fleet averaged 131 g CO_2 per km as of the end of 2012. 91% of the cars are in the A and B energy efficiency categories. Swisscom also operates a fleet of 230 (+43%) hybrid vehicles, 45 (+22%) vehicles powered by natural gas, 10 (+150%) electrically driven vehicles and 45 (+5%) e-bikes. All electrical vehicles are recharged in Swisscom buildings and garages using electricity from renewable energy sources. In 2012, Swisscom employees used 101,403 (−5.9%) rail tickets for business travel and were issued 12,858 (−5.8%) half-fare cards and 2,793 (+0.6%) GA travel cards. Since 2007, Swisscom has charged a separate CO_2 levy of 1.5 cents per air mile on international flights. The levy is used to finance internal sustainable environmental projects in the field of mobility (e-bikes, electric cars, etc.).

Electricity consumption savings and efficiency measures

Swisscom continued the "Mistral" energy saving project in 2012. Mistral is a cooling technology that relies exclusively on fresh air all year round. It replaces conventional energy-intensive cooling systems equipped with compressors and contributes to a massive improvement in energy efficiency. Mistral also eliminates the need for harmful refrigerants. Mistral was being used to cool 604 telecom systems in local exchanges at the end of 2012. This represents an increase of 11% compared with the previous year. In 2012, Swisscom Switzerland also retrofitted mobile base stations and Swisscom Broadcast transmitter stations with Mistral.

Fresh air is also an attractive alternative for cooling data centres and could significantly reduce the electricity required for this purpose in the centres. An internal plan envisages using fresh air for all-year cooling of data centres with heat loads of up to several kW/m². A one-year pilot trial from November 2011 to October 2012 successfully demonstrated the feasibility of deploying fresh air-cooling systems in data centres under specific conditions.

The systems installed in the Swisscom IT Services data centre in Zollikofen feature a particularly high level of energy efficiency and efficient cooling. The centre's average annual power usage effectiveness value (PUE value) is 1.3. This value represents the ratio of total power consumed by the data centre to the power consumed by the IT systems. This PUE value means that power consumption in Zollikofen is more than 33% lower than that of conventionally built data centres.

Mistral project:
Cooling telephone exchanges using fresh air
Mistral achieves savings equivalent to the energy consumption of 9,000 households or

45 GWh/a

Electricity requirements covered by renewable energy:
Swisscom buys certificates every year and offsets the amount of non-renewable electricity used.

100 %

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Generating electricity

In 2012, Swisscom Broadcast drew up plans for two solar facilities (2 times 60 kWp) on the Niederhorn and Valzeina transmitter stations, while Swisscom (Switzerland) installed and commissioned a solar facility in Zurich-Herdern with a peak power of 113 kWp. The total cumulative peak power of all the solar facilities installed by Swisscom amounts to 340 kWp. Over the coming years, Swisscom wants to significantly increase the number of facilities it has in operation for the generation of electricity.

Utilising waste heat

Swisscom has entered into two agreements in Zurich governing the supply of waste heat from its own commercial buildings. The agreements cover a volume of more than 20 GWh of thermal energy. Swisscom is currently examining another potential waste heat project in the Berne area.
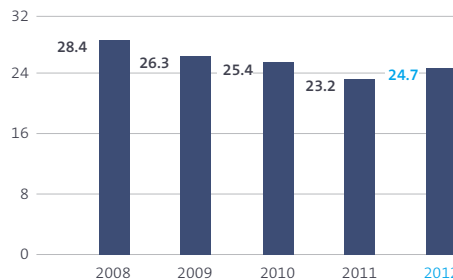
Climate

Carbon footprint based on Scope 1, 2 and 3 of the Greenhouse Gas Protocol (GHG)

Energy use Swisscom in GWh
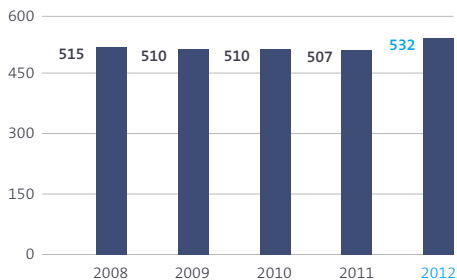
Direct CO_2-emissions Swisscom in tons thousand

Swisscom applies the internationally recognised definition of the Greenhouse Gas Protocol (GHG) and classifies its CO_2 emissions as Scope 1 (direct emissions resulting from burning fossil fuels for heating and mobility), Scope 2 (indirect emissions resulting from electricity consumption) and Scope 3 (all other indirect CO_2 emissions resulting from goods transportation, business trips, etc.). The direct consumption of fossil fuels accounts for 19.1% of Swisscom's total direct energy consumption. Swisscom's Scope 1 CO_2 emissions have fallen by 6% since 1 January 2010 to 24,662 tonnes in 2012, without adjustment for the number of heating days. Vehicle fuel accounts for 50.1% of this, and heating fuel accounts for 49.9%. Swisscom has therefore met and exceeded the CO_2 target (28,000 tonnes) agreed with EnAW in 2004 covering emissions resulting from the consumption of fossil fuels.

The electricity mix used in Switzerland is not generated from fossil fuels and so its production is free from CO_2 emissions. Swisscom therefore has no CO_2 emissions under Scope 2. Swisscom, however, calculates the indirect CO_2 emissions resulting from the provision of electricity which fall under Scope 3 and applies the conversion factor of 14.7 g CO_2 per kWh. Scope 3 emissions are not part of the current target agreement with EnAW.

Swisscom calculated various Scope 3 emissions in 2012, thereby taking its ecological responsibility beyond the company's own vehicle fuel, heating fuel, and electricity consumption. An initial area

of the Scope 3 emissions was already recorded in the year before, namely those associated with business trips, employee commuter traffic and the provision of energy.

In 2012, Swisscom also compiled statistics (using the "Escher method") on emissions resulting from the manufacture of products and the provision of services that Swisscom procures in order to provide its own services. This area is currently the largest source of Scope 3 emissions. Swisscom will publish the results in a supplementary report in spring 2013 along with statistics on product-related emissions. Swisscom is also involved on an annual basis in the Carbon Disclosure Project (CDP).

In addition, Swisscom calculated for the first time CO_2 emissions that can be avoided by businesses and residential customers using myclimate-certified ecologically friendly ITC services. The following services contribute to a reduction in CO_2 emissions:

> Virtual conferences
> Home offices
> Machine-to-machine communication (logistics optimisation)
> Energy-efficient services from data centres (cloud, hosting, housing, thin clients)
> Services that replace the use of paper
> Recycling of mobile phones

Other air emissions

Besides CO_2 emissions, burning fossil fuels for heating and transport also produces NO_x and SO_x. These emissions are calculated using the relevant conversion factors and depend on the amount of vehicle fuel and heating fuel consumed. Swisscom is reducing these emissions by continually optimising heating boilers and drive motors.

Other environmental aspects in the company

Further details about the environmental aspects of Swisscom's operations such as paper consumption, waste disposal and water consumption can be found in the Appendix.

Reduction in direct CO_2 emissions between 1990 and 2015 using the following measures:
› Structural renovations
› Low-consumption vehicles
› Mobility management

60%

Environmental key figures in Switzerland

	Unit	2010	2011	2012
Land/buildings				
Net floor space (NFS)	million of m²	0.95	0.91	0.91
Paper for photocopying and printing				
Format A4 100% recycled (other formats converted)	million of sheets	41.0	37.0	34.0
Water/sewage				
Water consumption [1]	m³	452,698	468,577	466,581
Energy, electricity				
Electrical energy consumption [2,3]	terajoule	1,454	1,479	1,548
	GWh	404	411	430
Energy, heating				
Heating oil	terajoule	149.4	130.9	149.3
Natural gas	terajoule	31.5	18.9	22.4
District heating	terajoule	27.3	27.2	29.3
Heating, total	terajoule	208.2	177.6	201.0
Energy, fuel				
Petrol	terajoule	77.8	53.7	38.5
Diesel fuel	terajoule	93.0	114.8	127.1
Natural gas	terajoule	1.5	2.2	2.7
Total fuel	terajoule	172.3	170.7	168.3
Vehicles	number	3,102	3,332	3,372
Kilometers driven	million of km	66.1	67.7	69.9
Average carbon dioxide CO_2 emission	g per km	150.0	140.0	131.0
Energy, total				
Energy consumption	terajoule	1,835	1,827	1,917
	GWh	510	507	532
Air emissions				
Carbon dioxide CO_2	tons	25,422	23,242	24,662
Nitrous gases NO_x	tons	22.5	23.2	24.9
Sulphur dioxide SO_2	tons	5.0	4.4	5.0
Waste				
Garbage	tons	175	170	155
Recycling	tons	761	834	1,660
Special waste	tons	10	11	20
Waste tonnage, total [4]	tons	946	1,015	1,834

[1] The water consumption is based on a forecast.
[2] Energy conversion: 1 terajoule (TJ) = 0.278 gigawatt hours (GWh).
[3] The energy consumption is based on a forecast. Since 2011 on a monthly measure
 of the consumption of 62 buildings (with a total floor space of over 50%).
[4] Based on data provided by the Swiss Waste Exchange and the Group companies; domestic waste not included.

Swisscom's responsibility in the supply chain

Swisscom takes responsibility within the supply chain and is committed to improving the working conditions of its suppliers' employees and to ensuring compliance in the supply chain with ecological standards. This also means that Swisscom therefore expects its direct suppliers and their sub-suppliers to commit to acting in a sustainable manner.

The principles Swisscom observes are stipulated in its purchasing policy, which is defined by an overarching committee, the Swisscom Purchasing Board. Swisscom's purchasing policy sets out the principles and procedures to be followed by the procurement organisations. The procurement organisations of Swisscom Switzerland, Swisscom IT Services and Swisscom Broadcast have to date acted in accordance with the Swisscom purchasing policy. Together, their total order volume accounts for more than 80% of the total procurement volume. The purchasing policy is continuously being expanded to include further purchasing organisations in the Swisscom Group and it stipulates the requirements that suppliers accept by signing the CR Contract Annex (CRCA). Swisscom uses a structured risk management system to audit suppliers' compliance with the requirements.

Supplier risk management

Risk management system

In 2012, Swisscom worked to further reduce environmental and social risks in the supply chain and in the second half of the year implemented a risk management system in the procurement area, the results of which are shown below.

The risk assessment carried out by Swisscom management in 2011 for the product groups was checked for accuracy and currency in spring 2012. They found the risk assessment to be correct and up to date and no changes were therefore necessary.

In 2012, Swisscom began assessing its current supply partners from medium-risk product groups, which involved approximately 800 supply partners. Plans have been made to assess all supply partners over the coming years. A milestone was reached in 2012, with 223 supply partners having been assessed. The results of the risk assessment showed that seven supply partners have a high-risk profile and 32 partners a medium-risk profile. After every assessment, any measures required were initiated and monitored (see Requirements diagram below) by management and the buyers concerned.

Overview and requirements of risk management in the supply chain

Product groups with ...		
... low risk	**... medium risk**	**... high risk**

	... low risk	... medium risk	... high risk
Existing suppliers with ...	As long as the product group has a low risk profile, the supplier's risks are not assessed. Instead the risks of the product group will be reviewed annually	**... high risk profile** > Suppliers shall fill in a self-declaration within three months and/or be audited within one year > Further measures if needed **... medium risk profile** > Suppliers shall fill in a self-declaration within three months and/or beaudited within one year > Further measures if needed **... low risk profile** > Supplier's risk shall be periodically assessed	**... high risk profile** > Suppliers shall be audited within six months > Further measures if needed **... medium risk profile** > Suppliers shall fill in a self-declaration within three months and/or be audited within one year > Further measures if needed **... low risk profile** > Supplier's risk shall be periodically assessed
Potential suppliers	> No risk assessment performed	> Risk assessment performed > The findings with measures proposed are included in the decision process	> Risk assessment performed > The findings with measures proposed are included in the decision process

Swisscom plans to assess 35% (280 out of a total of 800) supply partners from medium-risk product groups by the end of 2013.

The procedure, established in 2011, has proven successful with potential supply partners. All buyers at Swisscom Switzerland, Swisscom IT Services and Swisscom Broadcast were trained accordingly for the first time in 2012. The procedure was used in tendering processes and corresponding measures were defined and implemented where necessary.

A supply chain crisis management organisation is currently being set up and will be integrated into the already existing Swisscom Group structures in 2013.

Corporate Responsibility Contract Annex

In 2012, 93% of the total order volume came from suppliers that had accepted the Corporate Responsibility Contract Annex (CRCA), which meant that the goal set for 2012 was achieved. As of 2013 Swisscom will have a new measuring instrument at its disposal in the form of a contract management system, which will make it easier to identify supply partners that have not yet signed the CRCA.

Audit and self-declarations

A risk assessment of the suppliers from high-risk product groups was carried out in 2011. At the time, seven supply partners were found to have a high-risk profile and were audited in accordance with the Swisscom requirements (see diagram above). Due to unsatisfactory audit results, four supply partners had to be audited again in 2012. The other supply partners received excellent audit results. Their risk assessment was therefore taken down a level to a medium-risk profile.

In 2012, around 30 suppliers with the highest order volumes, whose products are manufactured in countries classified by Swisscom as critical, registered with E-TASC and completed the online questionnaire. 2013 will see further key and strategic suppliers as well as high-risk suppliers registered in the self-assessment tool. As required by Swisscom, a further six supply partners from medium-risk product groups were audited in 2012, while 28 completed a self-assessment. Swisscom's goals for 2012 of six audits and 80 self-assessments were therefore fully achieved in

the case of the audits, while the achievement rate for self-assessments was 35%. The low level of achievement in the latter case was due to technical problems with E-TASC.
Swisscom wants to step up collaboration with the Joint Audit Corporation (JAC) and plans to carry out four audits in 2013.

Raw materials

The raw materials used in Swisscom's many and diverse products stem from a wide range of countries and regions. Questions on the origin of the raw materials and the associated ecological and sociological risks are increasingly being asked. At the start of 2011, Swisscom began intensively looking into the issue of raw materials. The following measures have since been taken:

> **March – June 2011:** Swisscom took up contact with the NGOs Bread for All and Benchmark Foundation of Southern Africa for Corporate Social Responsibility, the Swiss Federal Laboratories for Materials Science and Technology (EMPA) and all partners supplying mobile phones in order to gain an insight into the stance of these institutions and organisations on the question of accountability in raw materials procurement. It revealed widely varying levels of awareness among supply partners with regard to raw materials and the whole issue of procurement. Clearly, Swisscom cannot accomplish rapid improvements in the procurement area all on its own.
> **May 2011:** Swisscom joined the Global e-Sustainability Initiative and worked together with the GeSI "conflict-free smelters" programme. The aim of the programme is to identify and certify conflict-free smelters for purchasers of raw materials.
> **Mid-August 2011:** Swisscom started working with myclimate to launch eco points on all mobile phones in the Swisscom range. Points are awarded on the basis of the criteria: responsible choice of raw materials, low energy consumption in use and low energy consumption in manufacture.
> **January 2012:** through its GeSI membership Swisscom becomes a member of the World Resources Forum Association.
> **March 2012:** inaugural meeting of the World Resources Forum Association. Swisscom represents GeSI at WRFA gatherings.

Swisscom also plans to add a section on raw materials to its purchasing policy and the CR Contract Annex in 2013.

Swisscom Supplier Award 2012

Maintaining a constant dialogue with suppliers, building a common future together and taking responsibility for the present and future, all play a key role at Swisscom. Internal procurement is also guided by these principles. In spring 2012, Swisscom gave Supplier Awards for the best success stories of over 6,500 suppliers in the three categories of Innovation, Cooperation and Sustainability.

Telecommunications for all

Swisscom enables and shapes Switzerland's information society by providing infrastructure and services that allow people in the public and private sector to communicate and interact in a sustainable manner. In so doing, Swisscom remains true to its goal of enabling everyone in Switzerland to be part of the information society. "Telecommunications for all" is Swisscom's guiding principle.

Environment and objectives

Swisscom wants everyone in Switzerland to be able to take advantage of the opportunities provided by new media and is thus making sure that reliable network access is present virtually everywhere in Switzerland. Swisscom focuses on promoting media skills, not only in its efforts in the area of youth media protection, but also through various initiatives which aim to reduce the digital divide.

Swisscom will continue to pursue these activities in 2013, championing for a healthy information society that adds value in line with the federal government's strategy, so that Switzerland as a business location, the Swiss education system and the entire population will continue to benefit from a progressive ICT landscape.

Basic service provision

	Unit	2010	2011	2012
Number of traffic minutes (national fixed-line traffic)	million min.	6,741	6,200	5,328
Number of public payphones [1]	number	7,663	6,700	5,800
Emergency calls	in thousand	3,092	3,050	3,053
Calls to the service for visually impaired/hard of hearing	in thousand	556	553	540

[1] Of which 3,514 (2012), 4,058 (2011), 4,437 (2010) within the scope of basic service provision.

Swisscom is responsible for providing basic telecoms services in Switzerland, and has been mandated to do so until 2017. It will forego requesting a fund for basic service provision. The aim of the mandate is the provision of analogue and digital network access throughout Switzerland. This includes voice telephony, fax, data transmission and broadband Internet access. In 2012, Swisscom increased the minimum transmission speed for broadband Internet connections from 600/100 kbps to 1000/100 kbps and at the same time reduced the price ceiling for this service from CHF 69 to CHF 55 per month (excluding VAT).

Another part of basic service provision for which Swisscom has long been responsible is the maintenance and operation of the 5,800 public telephones and access to the emergency call service for the police, fire and ambulance services, as well as special services for the disabled.

Corporate Responsibility
Sustainable use of resources
Telecommunications for all

Data protection

As a result of its activities, Swisscom possesses customer data which is protected by the Data Protection Act and the Telecommunications Act. The protection of privacy, compliance with data protection laws and the observance of telecommunications secrecy are key concerns for Swisscom. The Data Protection Declaration explains how Swisscom handles personal data in the context of its website and e-mail activities. It also discloses that this data may be passed on to others within the Swisscom Group. Swisscom, however, is not responsible for information and data processing on third-party linked offerings.

As a trustworthy partner, Swisscom has set itself the goal of providing all employees who have access to customer data as part of their job with thorough instruction on legal compliance within their work. In addition, Swisscom sensitises and empowers employees to recognise the issues and requirements of data protection and to ensure they are properly implemented. All Swisscom Switzerland employees also have to regularly take part in data protection training sessions.

The persons responsible for security within the company also launched a comprehensive project in 2012 with the aim of improving data protection. During the course of this project, Swisscom is reviewing all access rights and critical customer data, and redefining these rights. For this purpose, Swisscom has set up a system that determines whether attempts to access critical customer data are linked to enquiries regarding the customers in question and if they are authorised.

Protecting minors in the media and promoting media skills

Protecting minors in the media and guidelines on media content

The use of new media provides us all with new opportunities and options. Although the pros usually outweigh the cons, new media can also entail a number of risks – particularly for children and young people. Swisscom is determined not to leave parents to shoulder this responsibility alone. The company supports parents and teachers by providing a wide range of information, resources and products.

Children and young people who disclose private or even intimate information on community platforms are often unaware of the repercussions this may have. Privacy therefore plays a prominent role in the documentation and information provided on media protection for minors.

Swisscom supports the High Principles on Child Protection. Together with the European Telecommunications Network Operators' Association (ETNO), Swisscom has reformulated its terms of use on youth platforms so that children and young people really understand them.

The legal obligations governing the protection of minors in the media were fully complied with in 2012. Under the terms of the Swiss Federal Penal Code, it is forbidden for providers to offer content of a pornographic nature to persons under the age of 16. Swisscom is rigorous in its interpretation of the regulations of the Ordinance on Telecommunications Services regarding the blocking of value-added services. For example, no adult content whatsoever has been offered on the Swisscom information portal since 2009.

Since 2008, the Industry Initiative of the Swiss Association of Telecommunications (asut) for Improved Youth Media Protection and the Promotion of Media Skills in Society has published a list of youth media protection measures in addition to the legal requirements, which Swisscom has pledged to comply with. These include the provision of Internet filters, the obligation to actively inform customers, willingness to engage in dialogue with committed organisations and the designation of a youth media protection officer.

See
www.asut.ch
www.bluewin.ch

With the following measures, Swisscom goes beyond the statutory requirements in terms of youth media protection:

> Age limit for access to certain services voluntarily increased to 18
> No adult content whatsoever in the video-on-demand offerings on Swisscom TV and on the information portal
> Additional channel blocking via PIN on Swisscom TV
> Guaranteed youth media protection with the new additional "Start Over" function
> FSK age rating recommendation for all video-on-demand films
> Exceptionally stringent requirements for third-party providers of value-added services

The Telecommunication Services Ordinance requires telecommunication service providers to disclose information on the existence of a barring set at least once a year. A barring set allows access to chargeable value-added services to be blocked on specific lines. Swisscom sends its customers a bill enclosure every year to inform them about this free service. The barring set is automatically activated for young subscribers under the age of 18.

Promoting media skills

In 2012, Swisscom took the following measures in order to raise awareness among parents and teachers of the potential dangers and risks posed by new media:

> **Media course as part of the Academy training programme (formerly Swisscom Help Point):** the course was held on parents' evenings and during further training sessions for teachers. Swisscom also expanded its course offering and is offering new courses for secondary school pupils (see below: media courses for parents, teaching staff and now also secondary school pupils). In total, Swisscom held almost 700 media skills events throughout Switzerland in 2012
> **The JAMES study** investigates the media usage behaviour of young people between the ages of 12 and 19. After an initial run in 2010, Swisscom carried out the JAMES study once again in 2012 in cooperation with Zurich University of Applied Sciences (ZHAW). The findings allowed science and politics to base their conclusions and measures on a reliable, scientific foundation. The recurring study will allow trends and changes in the media usage behaviour of young people to be identified as of 2014. With this study, Swisscom is bridging a gap in research that has existed for a long time, particularly as surveys into media usage among young people were not consistently carried out before 2010.

National Programme for the promotion of media skills

In summer 2010, the Swiss federal government set up a programme aimed at improving the media skills of children and young people. The Federal Social Insurance Office (FSIO) is responsible for implementing the programme, which is set to run until 2015. As principal partner of the programme, Swisscom is confident that the public and private sectors together do significantly more to promote media skills. Swisscom supports the programme by providing both financial resources and communication services.

Promoting media skills:
Swisscom promotes responsible use of new media. Interest in Swisscom's course offerings

29,500 participants

Media courses for parents, teaching staff and secondary school pupils

Swisscom has been expanding its course offering since autumn 2011 in order to promote media skills. In addition to the information events for parents and teaching staff, it has since also offered a modular course for secondary school pupils (year 7 to year 9). Teachers can choose from a range of different modules dealing with general media usage behaviour, legal issues on the Internet, social networks, safe surfing and the new issue of cyber-bullying. Swisscom appoints a dedicated course instructor for the participating classes. There was great demand for this course in 2012 and the goals for the year have been achieved and exceeded. The experience and feedback gained from the events were extremely positive. An evaluation of the effectiveness of the courses will be carried out in 2013.

Swisscom Academy (formerly Swisscom Help Point)

The Swisscom Academy has been teaching customers how to use mobile devices and the Internet since 2005. Weekly courses are offered at the training centres in Berne, Basel, Lausanne, Lucerne, Geneva and Zurich. Four training buses also visit around 70 towns and villages across Switzerland every year. In 2012, 12,831 people attended courses on how to use modern communications media. Since their launch, Swisscom's Help Points have served close to 220,000 people in Switzerland. The courses are aimed at the general population in Switzerland and are open to customers and non-customers alike. Through this campaign, Swisscom is playing an important role in continually reducing the digital generation gap.

Internet for Schools initiative

In 2012, Swisscom celebrated the ten-year anniversary of the "Internet for Schools" initiative. Under the initiative, almost every Swiss school benefitted from a free basic Internet offering or from a more advanced offering at heavily reduced prices. Swisscom continued the Internet for Schools initiative after the public-private partnership with the federal government officially expired in 2007, and the company works hard to continually tailor the infrastructure it offers to the day-to-day needs of schools. Swisscom extended its Internet for Schools initiative to kindergartens in 2009 in response to the needs of cantonal education departments. This means that the number of connections provided is set to increase almost three-fold over the coming years. At the end of 2012, well over 1,700 kindergartens were already online.

Schools that require high-performance bandwidths (large educational centres or schools which use the Internet particularly intensively) can now take advantage of connections providing free Internet access with an increased bandwidth of up to 50 Mbps. If the school also wishes to take advantage of Swisscom's professional security services, the company makes a contribution towards the associated expenses.

Schools are placing increasingly greater demands on their ICT solutions. Swisscom has identified their needs and has worked together with other partners from educational institutions since 2012 in an attempt to find useful and affordable ICT solutions.

See
www.swisscom.ch/sai

Internet for Schools Number of schools
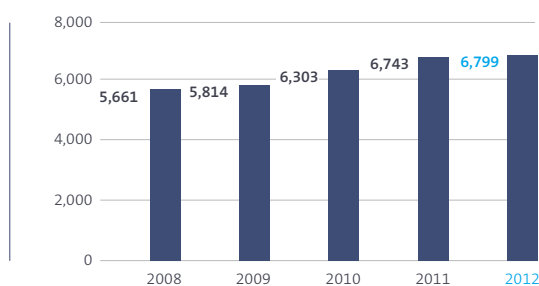
Courses promoting media skills Number of participants
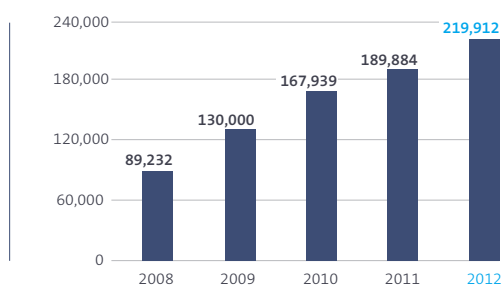
Swisscom has added various educational institutions to its network over the past few years, enabling it to recognise the ICT integration needs of schools at an early point in time. Swisscom cultivates this network by means of meetings and events, in particular with the following institutions:

> Education server Educa and the Swiss education server educanet
> Swiss Conference of Cantonal Ministers of Education (EDK)
> SFIB conference
> Federal Office of Communications (OFCOM)
> Swiss Foundation for Audiovisual Teaching Media (SSAB)
> Swiss Association of Teachers (LCH)
> Intercantonal Conference of Public Education (CIIP)
> Worlddidac Association
> Various teacher training colleges and universities

Internet for Schools:
new media is used in the education system by

1 million pupils

Offerings for people with disabilities

Swisscom's most important goal is to provide everyone in Switzerland with barrier-free access to the latest communication tools. In this context, Swisscom plays a key role in ensuring that disadvantaged people can also participate in Switzerland's information society.

Swisscom's offerings for disabled people, the visually impaired and hard of hearing

Swisscom Shops comply with stringent requirements concerning wheelchair access. Swisscom Shop employees also have to be able to recognise what requirements a specific disability entails. In collaboration with the TerzStiftung, Swisscom has worked on ways of optimising its shops for people who are visually impaired and hard of hearing. The corresponding measures were implemented in 2012.

Swisscom endeavours to provide a portfolio of terminal devices that includes a choice of suitable equipment for customers with impaired hearing or vision. Swisscom renews and updates its service and device portfolio on an ongoing basis. One of the aims of doing so is to ensure its offerings satisfy the needs of those with special needs or requirements. Two examples of devices in this range are the Emporia mobile phone, a smartphone with on-screen voice support for blind or partially sighted people, and the multi-modal customer service contact option.

All those who are unable to use the current subscriber directory due to physical disabilities can be connected via the short number 1145 at no extra cost. Swisscom provides this service free of charge as part of the basic service provision.

Individuals who are hard of hearing can take advantage of a transcription service. This service makes telephone calls possible between the hard of hearing and those who can hear normally and is offered free of charge in association with the organisation procom. It is also part of the basic service provision.

Swisscom continues to be committed to ensuring its website offers barrier-free access to all. As part of the technical redesign, Swisscom has already implemented key guidelines for barrier-free website content (Web Content Accessibility Guidelines WCAG). In the following phases of the website redesign, Swisscom will take into consideration other guidelines and is aiming to receive "AA Access for all" certification by the end of 2013.

Offerings for people with limited financial resources

Swisscom offers special products and services to help people with limited financial resources. Young people under the age of 26 can take advantage of reduced tariff plans. Under these tariff plans, subscribers up to the age of 18 are assigned a credit limit. Older people continue to make less use of new communication technologies than younger people. Special subscriptions for older people offer price models with this in mind, featuring particularly low basic fees and services charged only on a pay-as-you-use basis.

Responsible employer

Swisscom offers employees a working environment that fosters their personal and professional development by setting them challenging tasks and allowing them to exercise responsibility. At the same time, Swisscom positions itself as a socially responsible employer.

Swisscom operates in a fast-moving and challenging market environment and has to continually adapt to technological innovations. Demographic and social trends are also increasingly influencing personnel resources. All these dynamic changes require progressive human resources management and a corporate culture and working environment that motivate employees to realise their potential in the context of the corporate strategy.

In a multimedia society, employees' flexibility, willingness to change and specialist knowledge play a vital role in the implementation of Swisscom's mission statement and the achievement of the objectives outlined in the corporate strategy. Customer trust is therefore key to staying competitive in the long-term and is the reason why Swisscom systematically aligns itself to customer needs. This calls for employees who can develop visions and work in mixed teams to put these into practice in a results-oriented manner.

Environment and objectives

Swisscom's Group Human Resources Division is responsible for implementing a uniform HR and social policy throughout the company and formulates and promulgates Group-wide standards, guidelines and principles. The HR departments within each of the operating segments are responsible for implementing these and carrying out all HR functions from hiring new staff to employee departures. The Group Human Resources Division supports the Group Executive Board and Board of Directors on HR policy matters, such as terms and conditions of employment, salary system and diversity. It also recruits senior managers and conducts management development and succession planning in collaboration with the operating units. Group Human Resources is also responsible for professional and vocational training throughout the Group, and as such plays a key role at the company's Swiss locations. In its dealings with the social partners and employee associations, Group Human Resources advocates the interests of the Group as a whole.

In order to meet future challenges, Group Human Resources plans its resource requirements from a quantitative and qualitative point of view, formulates key priorities in employees' professional development and cultivates a management culture characterised by trust, esteem and performance orientation.

Staff development

Swisscom's market environment is constantly changing. The company therefore makes targeted investments in professional training and development for employees and managers to improve their employability in the long term. Employees are supported in their development by a wide range of on- and off-the-job options as well as internal programmes and courses. Further training and development programmes on offer include professional, technical and management courses. Swisscom welcomes opportunities for further training and provides related financial support. In the year under review, staff spent 54,441 days on training and development in Switzerland.

In line with the results of the 2010 employee survey on "professional development", initial steps were taken by Swisscom in 2012. For example, the management compass, which among things charts an employee's development as a management task, is now mandatory Group wide. Also in 2012, the "You & your Boss" initiative rolled out throughout Switzerland to promote a development dialogue between management and employees so as to facilitate the agreement of medium-term development measures. Finally, Swisscom IT Services launched an integrated competence model coordinated with line management, as well as a suitable development tool to enable the company to more effectively address the projected shortage of ICT specialists.

Swisscom continues to develop its Performance Management System in line with requirements with a view to assessing and rewarding employee achievements. The basis of this system is the performance dialogue. Guided by the principle of "agreeing objectives, recognising achievements and following a development plan", employees and line managers engage in dialogue in which they discuss future tasks, expectations and personal development. Commensurate with its strategic positioning as a trustworthy partner in the digital world, Swisscom formulated concrete demands on all employees. In 2012, line managers conducted a performance dialogue with 98.8% of all Swisscom employees in Switzerland.

The management and people review processes have been extended to organisational units below Group division level. They support both succession planning for key functions as well as the placement of talents beyond individual divisions. A mentoring programme also encourages professional and personal discussions between the talents and the members of the Group Executive Board, while the Leadership Forum offers an important platform for management issues.

Employee training in general and in the area of corporate responsibility

Swisscom is constantly training its employees. In 2012, employees covered by the CEA attended an average of 3.2 days (25 hours) of training and/or further development. Swisscom also regularly trains employees on a wide range of corporate responsibility issues. For example, Swisscom raises awareness of ecological and social issues among new hires at its Welcome Days, and the issue of "Responsibility in the supply chain" is addressed with buyers as part of its Lead Buyer Circles. In the year under review, Swisscom also trained 40 project managers and 90 specialist groups on the environmental parameters for new projects.

Corporate volunteering

Corporate volunteering is the term used to describe voluntary work carried out by employees for charitable causes. Swisscom encourages this commitment by allowing its employees to do this during paid working hours and offering them the chance to help out with various projects in the fields of nature (Nature Days), social responsibility (Social Days) and economy (Economy Days). 2012 saw Swisscom expand and further develop the Corporate Volunteering Programme so that employees can now dedicate from a half-day to two days of their working time to voluntary work each year. A total of 748 volunteer days were clocked up in 2012.

Staff recruitment

Recruiting new staff

Swisscom seeks individuals who are motivated and passionate about helping customers and who want to help shape the future of the digital world. At all company locations in Switzerland, Swisscom endeavours to give priority to people from the surrounding regions. This is why the percentage of local employees in all areas and at all hierarchical levels is exceptionally high.
83.7% of Swisscom's workforce are Swiss nationals. The remaining 16.3% are made up of employees from 88 different countries, including 5.1% from Germany, 3.8% from Italy, 1.6% from France and 1% from Spain.

Student interns and trainees

In order to attract talented and highly motivated graduates to the company, Swisscom maintains a wide range of connections with universities and schools of applied sciences. Attending relevant recruitment fairs and engaging in more advanced forms of cooperation such as guest lectures and workshops is very important to Swisscom. Many students gain initial professional experience at Swisscom during their studies either by working as interns or during the practical part of their Bachelor's or Master's course. Over the last twelve months, almost 100 students have begun an internship at Swisscom, and a similar number of students has been coached through the practical part of their Bachelor's or Master's courses by Swisscom employees. Once they have successfully completed their studies, graduates can embark on the first step of the career ladder at Swisscom through internships, the trainee programme or a junior position.

Vocational training

Two hundred and eighty-five young people began their apprenticeships with Swisscom in August 2012, of which 118 were in ICT jobs in mediamatics and IT. Swisscom thus assumes the responsibility of being Switzerland's largest trainer of ICT professionals. In 2012, Swisscom trained a total of 823 apprentices in technical and commercial apprenticeships. Additionally, 84 apprentices completed their training at subsidiary cablex. The training for the new Specialist in Customer Dialogue apprenticeship, introduced in 2011, is being expanded from the customer contact centres in German-speaking Switzerland to include Western Switzerland and will also be offered to apprentices starting in 2013 in Ticino as well.
In order to make the application process quicker and easier for students, Swisscom introduced an online application system for the 2012 intake of apprenticeships.
The Swisscom training model is geared towards independence and personal accountability. The aim of this is to support the personal development of the apprentices. They take an active role in devising their training so that it fits their individual priorities, apply within the company for different practical placements and learn from experienced employees during such placements.

Health and safety in the workplace

Employee health

Having healthy and motivated employees is very important to Swisscom. In line with its strategy, Swisscom therefore makes targeted investments in initiatives and programmes for Occupational Health Management (OHM). The Board of Directors, Group Executive Board and management staff have all contributed to the success of OHM, which has resulted in the staff absence rate being reduced from 3.26% to 2.86% since 2009. Swisscom aims to continue to reduce it to 2.1% by 2015. Further details and performance indicators can be found in the table "Employees in figures".

As a result of this positive trend, the premium rates for work-related accidents, non-work-related accidents and the insurance for sick pay allowance were reduced as of 1 January 2012.

Through its involvement in the ConCerto project in collaboration with the Federal Social Insurance Office, Swisscom makes an important contribution to ensuring collaboration with the social insurance agencies is coordinated as effectively as possible. ConCerto aims to simplify and accelerate the professional reintegration of individuals after suffering health problems. The ConCerto-pro association was set up in 2012 with the aim of organising all domestically active employers, Federal Disability Insurance offices, sick pay allowance and accident insurers, and SMEs to adopt and comply with the processes it specified. The association also supports and coordinates the further development of reintegration issues together with partners on a national level (FSIO, SECO, associations and institutions). Swisscom heads up the association steering committee.

The number of disability cases in 2012 fell by 23% in comparison to previous years. In addition, 16 trainee positions and internships were again filled in close cooperation with integration partners. These positions are available to employees with health problems. OHM and, if necessary, social insurance agencies such as the Federal Disability Insurance office (IV) provide assistance and support. Swisscom aims to extend the focus of occupational health management to include prevention (Health Promoting Leadership) to promote and maintain employee health.

Occupational safety

As set out in the collective employment agreement (CEA), Swisscom undertakes to protect the personal integrity of its employees and provide an appropriate level of health protection according to ergonomic principles. In terms of ergonomics (design of workstations and working environment, health protection and health care, prevention of work-related accidents and occupational illnesses, workplace safety), the CEA grants the employee associations the right of co-determination and the social partners the right of information. Various committees coordinate and organise training courses, initiatives and measures aimed at promoting safety and health protection in the workplace. In areas where workplace safety is particularly important for employees, Swisscom operates an integrated, process-based management system and is ISO 9001:2000 certified.

The criteria, processes and tools for regulating and implementing workplace safety and health protection are integrated in a quality environmental and safety management system. For example, Swisscom's subsidiary cablex follows Guideline 6508 of the Federal Coordination Commission for Occupational Safety (FCOS), which covers the ten elements of the operational safety system and ensures the measures necessary for safeguarding the health and safety of employees involved in installing infrastructure.

Move! and the Swisscom Games

Move! is a programme which supports activities in the fields of health, sport and culture. Employees can become Move! coaches or take part in another activity. Activities are conducted during employee's free time. Move! aims to broaden employees' sporting and intellectual horizons and give staff the opportunity to meet their colleagues from other areas of the company.

The Swisscom Games is an event that is held every two years. Employees have the option of enrolling for a team or individual activity in the fields of sport, culture and society. The 2011 Swisscom Games saw four events held in various regions throughout Switzerland in which a total of around 6,000 employees took part. The Swisscom Games are a key networking opportunity for employees and have become an important part of the corporate culture. The next Games will take place in 2013.

Diversity

Living Diversity @ Swisscom

Diversity Management is a concept that is extremely important within an international working environment. The aim of the concept is to recognise the special knowledge and skills that each individual brings and use them for the benefit of the entire company.

Diversity champions an open working environment, in which employees are treated with respect and everyone is free to develop and reach their full potential. Swisscom sees diversity as something it must commit to internally within the company, as well as externally with its customers and partners. As regards diversity, Swisscom feels obliged to ensure the well-being of its employees, thus ensuring that they have sufficient motivation to deliver an outstanding performance.

Swisscom opens up new opportunities for all staff and views the various aspects of diversity in their entirety.

Swisscom considers an equal gender ratio to be fundamentally important for the brand and for ensuring the success of the company. Swisscom has thus set itself the goal of increasing the number of women at all management levels from 11% to 20% in the medium term. Swisscom therefore operates special programmes to foster the development of talented female employees and seeks promising female talents both internally and externally.

In addition, Swisscom is increasingly championing the use of solutions that support the compatibility of family and career, thus creating a good work-life balance. In terms of diversity, it finds it extremely important to have a wide range of cultures within the company. Thanks to the wide range of approaches, ideas and skills possessed by all of our employees, Swisscom is an innovative and creative company. Eighty-eight nations are represented among the staff at Swisscom.

The average age of the population and hence the average age of Swisscom's workforce is constantly increasing, which poses opportunities as well as risks. Swisscom is addressing this issue with its "Age Management" initiative (see below).

Swisscom considers sexual orientation to be an important aspect of diversity. The company's corporate culture is shaped by openness and tolerance.

Swisscom does not differentiate between employees with physical or mental impairments and those that are not impaired in relation to the opportunities offered to and the potential of individual employees. Swisscom would rather build on the individual strengths and skills offered by each individual employee. No cases of discrimination were reported in 2012.

Diversity @ Swisscom:
Swisscom's workforce includes

88
different nationalities

Age management

Swisscom is using "age management" to address demographic trends in good time and find innovative ways of allowing older employees to continue in active employment. Because the average age of employees, the wider population and therefore also Swisscom's customers is increasing all the time, the company set what is called "BestAge projects". These projects focus on meeting the needs of older employees and older customers. The measures and programmes implemented in call centres and shops accommodate these needs. Older employees are serving and advising older customers. Further initiatives include in-house consulting, where older senior managers advise line management, provide coaching and allow others to benefit from their experience through involvement in projects. Older employees can also be used as quality assurance specialists in network construction projects.

Swisscom has been a member of the Swiss Demographics Forum since 2011. Currently comprising seven finance and service companies, the Swiss Demographics Forum is a platform whose aim is to compile and draw up basic principles for establishing sustainable and successful demographic management. In 2012, the members of the forum developed a variety of practical solutions that could be used by the participating companies.

Age structure of employees in full-time equivalent
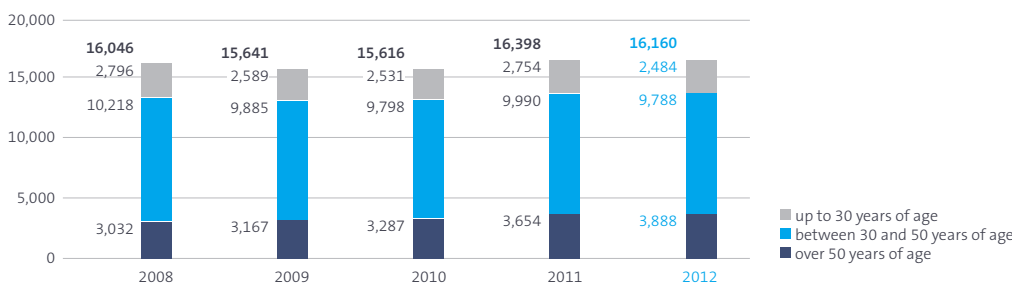
Equal pay

Swisscom takes great care to ensure equal pay for men and women. The company's salary system is structured in such a way as to award equal pay for equivalent duties, responsibilities and performance. To this end, the individual functions are assigned to function levels according to their requirements and a salary band is defined for each function level. This stipulates the remuneration range for equivalent duties and responsibility. Pay is determined within this range based on the individual employee's performance and experience. As part of its salary review, Swisscom grants employees who have performed better and are lower down the salary band a pay rise beyond the usual salary adjustments. This allows any existing wage disparities to be evened out on an ongoing basis. When conducting the salary review, Swisscom also checks whether there are any pay inequalities between men and women within individual organisational units and corrects them in a targeted manner.

Swisscom also uses the federal government's equal pay tool (Logib) to conduct periodic reviews of its salary structures to ascertain whether disparities exist between men's and women's pay. Previous reviews have revealed only minor pay discrepancies, well under the tolerance threshold of 5%.

In 2011, Swisscom joined the Equal Pay Dialogue, an initiative set up by the employer and employee umbrella organisations in association with the federal government to review equal pay. The positive outcome of the Equal Pay Dialogue confirms that Swisscom salaries conform to the principle of equal pay.

See
www.lohngleichheitsdialog.ch

Employee satisfaction

In May 2012, Swisscom conducted an extensive survey to gauge the satisfaction of Swisscom staff. Around 80% of the workforce participated. The results show that there is a high level of job satisfaction and an extremely high level of employee commitment at Swisscom. The employees gave all of the areas under review a significantly better score than in the 2010 survey, and some of the scores were above-average when compared to other companies in the sector.

Below is a summary of the key findings:

> The level of commitment shown towards Swisscom has risen in comparison to the 2010 survey (87 out of 100 points in comparison to 86 out of 100 points in 2010). This is an above-average result in comparison to other companies.
> Job satisfaction has also improved, scoring two points more than in 2010 (73 out of 100 points).
> Employees are enjoying their work and being part of their respective team, and consider Swisscom an innovative company and an attractive employer.
> Employees were particularly critical of cost management and the opportunities for career progression.

In light of the employee survey results, the Group Executive Board has agreed upon the following course of action:

> As a result of the pleasing results and a clear upward trend in employee satisfaction versus the 2010 survey, the decision was taken to forego setting up a Group-wide taskforce.
> Instead, the Group Executive Board has decided to continue with all of the activities already initiated.

Employees in figures

	Unit	2010	2010 in %	2011	2011 in %	2012	2012 in %
Personnel structure in Switzerland							
Employees in FTE according to GRI scope	FTE/%	16,057	100.0%	16,628	100.0%	16,269	100.0%
Thereof employees included							
in the following analysis	FTE/%	**15,616**	**97.3%**	**16,398**	**98.6%**	**16,160**	**99.3%**
Employees with full-time employment	FTE/%	13,500	86.4%	14,208	86.6%	13,954	86.3%
Employees with part-time employment	FTE/%	2,116	13.6%	2,190	13.4%	2,206	13.7%
Employees with unlimited employment	FTE/%	15,478	99.1%	16,342	99.7%	16,100	99.6%
Employees with limited employment	FTE/%	138	0.9%	56	0.3%	60	0.4%
Female employees	FTE/%	4,357	27.9%	4,546	27.7%	4,330	26.8%
Male employees	FTE/%	11,259	72.1%	11,852	72.3%	11,830	73.2%
Employees up to 30 years of age	FTE/%	2,531	16.2%	2,754	16.8%	2,484	15.4%
Employees between 30 and 50 years of age	FTE/%	9,798	62.8%	9,990	60.9%	9,788	60.6%
Employees over 50 years of age	FTE/%	3,287	21.0%	3,654	22.3%	3,888	24.1%
Average age	Years	41.2	n/a	41.3	n/a	41.9	n/a
Female employees in top management	FTE/%	15	12.0%	15	11.8%	11	9.1%
Male employees in top management	FTE/%	110	88.0%	112	88.2%	110	90.9%
Female employees in middle management	FTE/%	212	9.7%	242	10.4%	269	11.1%
Male employees in middle management	FTE/%	1,968	90.3%	2,078	89.6%	2,150	88.9%
Temporary employees	FTE	1,415	9.1%	1,520	9.3%	1,636	10.1%
Apprenticeship positions	number of jobs	805	5.2%	800	4.9%	907	5.6%
Personnel structure in Switzerland							
Number of performance dialogues held	FTE	17,462	97.9%	18,779	98.8%	18,779	98.8%
Fluctuation in Switzerland							
Leavings/fluctuation women	FTE/%	551	12.6%	534	11.7%	510	11.8%
Leavings/fluctuation men	FTE/%	1,179	10.5%	1,421	12.0%	1,125	9.5%
Fluctuation rate total	FTE/%	1,730	11.1%	1,955	11.9%	1,635	10.1%
Leavings up to 30 years of age	FTE/%	419	24.2%	464	23.7%	387	23.7%
Leavings up to 50 years of age	FTE/%	905	52.3%	1,120	57.3%	932	57.0%
Leavings from 30 to 50 years of age	FTE/%	406	23.5%	371	19.0%	316	19.3%
Absences due to accidents and sickness in Switzerland							
Days lost due to work-related sickness	number of days	377	0.010%	5	–	2	–
Days lost due to sickness	number of days	97,856	2.46%	98,916	2.39%	99,942	2.42%
Days lost due to work-related accidents	number of days	2,752	0.07%	2,252	0.05%	2,846	0.07%
Days lost due to non-work-related accidents	number of days	17,199	0.42%	15,037	0.36%	15,086	0.37%
Days lost total	number of days	118,184	2.92%	116,210	2.80%	117,876	2.86%
Days lost per FTE	number of days/FTE	7.6	n/a	7.1	n/a	7.3	n/a

Innovation and development

In a dynamic environment in which the market situation and general conditions are constantly changing, innovation is key in ensuring long-term success. Swisscom is working on future-oriented issues that will sustainably strengthen Swisscom's position on the market.

In the field of innovation, Swisscom carries out research and development work as well as projects which ensure that new products are ready to be brought onto the market. Based on "megatrends" and "unknowns" the company develops future scenarios and analyses future customer requirements.

Innovation process

Research

Swisscom divides its research activities over the following long-term themes:
> **Development of services in the TV and entertainment segment:** the technical possibilities in the TV and entertainment segment are subject to rapid change, while new global and local service providers are entering the market. Swisscom follows all technological and economic trends and develops new solutions in order to ensure that its TV and entertainment offering continues to remain competitive. In addition to the TV offering, Swisscom is increasingly working on developing innovations in related services, such as video conferencing and gaming.
> **Future development of the Swisscom infrastructure:** the constant demand for bandwidth, the rapidly growing use of mobile infrastructure and customer demands to be online everywhere at all times all present Swisscom with new challenges. Swisscom is investing in the development of new technologies in order to ensure a better experience for the customer. Swisscom aims to promote Green ICT services in order to reduce costs and set itself apart from the competition. As a result, Swisscom launched a pilot project which involved data centres being cooled by fresh air rather than more traditional air-conditioning systems.
> **Future business models for the telecommunications industry:** thanks to its know-how and expertise as a telecoms company, Swisscom is keen to offer new support services and to establish itself as an important link in the Internet service value chain. Acting as an interface between Internet providers and end customers, Swisscom offers tools for identity, data and security management. Swisscom is also investing in the development of new skills in the area of real-time and data analysis. This investment should help Swisscom better customise its services and identify potential faults in the network in good time.

Incubation and implementation

Swisscom is keen to incorporate new ideas from research to tap new areas of business and optimise costs. It therefore reviews every promising idea in terms of profitability, feasibility and what it offers customers. If an idea fulfils the relevant requirements, it is quickly tested and brought to market. For example, Swisscom is currently pursuing new approaches to the digital home, new television experiences and energy saving in Swisscom data centres.

New ideas are generated within the company or are the result of open innovation from customers, start-ups and partners. Swisscom operates its own open innovation platform in the form of Swisscom Labs, which has several thousand registered users.

Green Touch project

Green Touch is a global initiative which aims to dramatically improve energy efficiency in ICT networks by a factor of 1,000. Green Touch was set up in 2010 and is already supported by 50 manufacturers, academic institutions and network operators. As a founding member, Swisscom played a key role in the launch of Green Touch and is involved in two research areas.

In its third year, Green Touch presented a prototype to the public which was developed by several of the consortium's partners. The prototype significantly reduces the radiation generated by a system through the combination of several antennas.

Tapping into new growth areas

Changed consumer behaviour and technological developments present an opportunity to tap into new growth areas. Swisscom is investing in progressive solutions in the public health sector, the dynamic control of energy consumption and the intelligent networking and control of appliances in the home. These solutions will, for example, optimise energy consumption and provide people with more comfort, security and efficiency in their home.

Successes

Below are a number of examples of products that have been developed ready for market:

> **Solar Impulse:** around the world in a solar-powered plane. The Swisscom Innovation department developed the entire communication infrastructure for Solar Impulse, thus providing pilots with an extremely reliable connection to the team on the ground. The development of the infrastructure proved to be exceptionally challenging, as extremely strict requirements in terms of minimum weight, energy efficiency and resistance to fluctuations in temperature had to be met.

> **Mobile Payment:** make payments and collect loyalty points in future using a smartphone instead of a card. Swisscom has worked together with several partners from the financial and retail sectors to successfully carry out a field test for Mobile Payment. The test is based on Near Field Communication (NFC) technology and involves the cards commonly used today being virtualised in mobile phones.

> **Fibre to the Street:** fast broadband access available to all. As an alternative solution to FTTH (Fibre to the Home) in which the fibre-optic cable is routed into the house, FTTS (Fibre to the Street) has been developed so that the fibre-optic network is around 200 metres away from the building. From this distance, individual properties are connected to the fibre-optic network via the copper network already in place. Customers in Riggisberg were provided with extremely fast broadband access (up to 400 Mbps) as part of a test of the FTTS method. The next step in this process is to further develop this method and prepare it for deployment in a larger catchment area.

Long-term Swisscom investments

Insightful future scenarios

Future of entertainment
Entertainment has always been an important part of human life and will continue as such in the future. Scenarios describe how entertainment will influence human life and business areas in 2022.

Future of retail
Retail and consumerism may face major changes over the coming years. The sharp increase in the number of technologies available for online and mobile shopping may well mark the beginning of a new era in consumerism.

Future of transportation
The current concept of transport is undergoing a process of unavoidable change. A new age of transportation appears to be on the horizon, opening up a host of new opportunities for the Swisscom Green ICT programme.

Information security partnership with ETH Zurich
Swisscom is helping to establish a new professorship for Information Security at The Federal Institute of Technology in Zurich (ETH). The aim of this is to improve Switzerland's standing as a research centre, thus establishing it on a global level, and to create a platform for an exchange of expertise between the scientific and economic worlds.

SGS

CERTIFICATION

SGS CERTIFICATION of the Swisscom Ltd 2012 GRI Sustainability Report

SCOPE

SGS was commissioned by Swisscom to conduct an independent assurance of the GRI-based disclosure on sustainability in 2012. Our assurance scope included the GRI disclosure obligations and figures in accordance with the GRI Index published at www.swisscom.com/GRI-2012. The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included all texts and 2012 data in accompanying tables contained in the printed Annual Report 2012 and referenced information on the webpage of Swisscom as quoted in the GRI index. The assurance process did not consider any data from previous years.

CONTENT

The Board of Directors or the Managing Director and the Management of the organisation are responsible for the details provided in the Annual Report and on the website and in the presentation. SGS was not involved in the preparation of any of the material included in the GRI Index and acted as an independent assuror of the data and text using the Global Reporting Initiative Sustainability Reporting Guidelines, Version 3.1 (2011) as a standard. The content of this Assuror's Statement and the opinion(s) it gives is the responsibility of SGS.

CERTIFIER INDEPENDENCE AND COMPETENCIES

The SGS Group is active as a globally leading company in the areas of assurance, testing, verifying and certifying in more than 140 countries and provides services, including the certification of management systems and services. SGS confirms that it is independent from Swisscom. It is unbiased and no conflicts of interest exist with the organisation, its subsidiaries and beneficiaries. The assurance team was assembled based on knowledge, experience and qualifications for this assignment.

METHODOLOGY

The SGS Group has developed a set of protocols for the assurance of Sustainability Reports based on current best practice guidance provided in the Global Reporting Initiative Sustainability Reporting Guidelines, Version 3.1 (2011). SGS also certified the environmental management systems of Swisscom (Switzerland) Ltd, Swisscom Broadcast Ltd and cablex Ltd, and SQS has certified the environmental management system of Swisscom IT Services Ltd, in accordance with ISO 14001:2004. The assurance comprised the evaluation of external sources, meetings with relevant employees, a verification of the documentation and recordings as well as the validation of these with external institutions and/or beneficiaries, where required. Financial data drawn directly from independently audited financial accounts was not checked back to its source as part of this assurance process.

OPINION

The statements in the report refer to the system threshold disclosed (Group companies based in Switzerland). On the basis of the above methodology, we did not detect any instances from which we would have to conclude that the information and data disclosed by Swisscom Ltd in accordance with the GRI Index 2012 may be incorrect. The information and data disclosed represent, to our mind, a fair and balanced picture of the sustainability efforts made by Swisscom in 2012. The estimates stated in the report are justifiable; the implementation of the GRI-relevant instructions was carried out at those parties involved, where Swisscom regarded them to be significant or feasible. Optimisation potentials were mainly detected in the consistent and comprehensive controlling of the instructions' implementation. They were added to the list of objectives.

We believe that the existing gaps are not significant and the sustainability report meets the requirements of level A+ of the GRI, Version 3.1 (2011) in accordance with the GRI Index.

SIGNED FOR AND ON BEHALF OF SGS

Jakob Koster, Lead Auditor   Elvira Bieri, Lead Auditor

Zurich, 25 January 2013   www.SGS.COM