Sustainability Report

2018

swisscom

Annual Report publications

The Annual Report, Sustainability Report and 2018 at a glance together make up Swisscom's reporting on 2018. The three publications are available online at: **swisscom.ch/report2018**

"Inspiring people" concept

The networked world offers countless opportunities that we can begin to shape today.
Top quality, groundbreaking innovation, deep-rooted commitment – we feel lucky to be able to inspire people and to lead them to embrace the opportunities that a networked future offers.

The images used in our reporting show how and where we inspired people in 2018: from high in the Alps to people's homes, in business and in our Swisscom Shops.

A big thank-you to all who took the time to pose for these photographs: Pius and Jeanette Jöhl with their kids at the Oberchäseren alp, a houseshare with friends in Zurich (Seraina Cadonau, Anna Spiess, Linard Baer and Johannes Schutz), Ypsomed AG in Burgdorf, Stefan Mauron, our customer Jeannette Furter, and the entire crew at House of Swisscom in Basel.

Corporate Responsibility

Fulfilling the expectations of our stakeholder groups in a responsible manner.

Introduction

The Sustainability Report was drawn up in accordance with the Global Reporting Initiative (GRI) Standards "Comprehensive" option and forms part of Swisscom's reporting. It addresses sustainability as a Swisscom Corporate Responsibility and contains information on the topics that are relevant for Swisscom and its stakeholder groups. This report is also based on the "SDG Compass", i.e. the guide for implementing the Sustainable Development Goals (SDGs) of the United Nations (UN). In addition, Swisscom publishes a complete climate report in accordance with ISO 14064. Both reports were independently verified by the Société Générale de Surveillance (SGS). The statement of verification by the SGS is provided at the end of this Sustainability Report. Swisscom also voluntarily chose the opting-in option and registered its Sustainability Report with SIX Exchange Regulation AG. Fastweb, the Italian subsidiary of Swisscom, publishes its own Sustainability Report and follows the "Core" option in the GRI Standards.

☺ See **www.swisscom.ch/climatereport2018**

Stakeholders' letter

Dear Readers

When referring to our country's excellent economic performance and political stability, Switzerland is often deemed an "exceptional case". But Switzerland is exceptional in other respects as well, as illustrated by the latest rankings awarded by the Digital Access Index, which measures access to information and communication technologies in different countries. Of the 157 countries using digitisation to increase sustainability, Switzerland ranks an impressive number eight. How much did Swisscom, as the leading telecommunications enterprise and one of the leading IT companies in Switzerland, contribute to this result? What do you think? Can we take credit for a small part of this? If not today, then definitely tomorrow! During the reporting year, we gave intensive consideration to the relationship between digitisation and sustainability and made it our goal to become even better at what we already do well and to become really good at what we are not yet so good at. Internal staff as well as external partners helped us identify the key levers in Swisscom's sustainability system and use them effectively.

The outcome of this critical self-assessment undertaken with the assistance of external partners was a positive one. Namely, it showed us that we are on the right track. You, our stakeholders and the public at large all want Swisscom to be actively committed to climate protection and energy efficiency, media competency and security, quality of life and work, a fair supply chain and a networked Switzerland.

Your expectations motivate us to achieve even more. We are not afraid to say that we can do better and more fully realise our potential in the following areas:
- Climate protection – by offering flexible working options, services delivered from our energy-efficient data centres and remote monitoring and optimisation of vehicles and buildings via machine-to-machine connections.
- Being a responsible employer – by training around 1,000 apprentices, enhancing the employability of our staff, including people with impairments and promoting staff involvement in our Corporate Volunteering Programme "Give&Grow".
- Fair supply chains – by means of audits and campaigns among our suppliers, geared towards improving working conditions.

But, we are also looking ahead to the future and want to facilitate sustainability at Swisscom in the coming years by adopting positions. What we do and what we don't do should always serve the good of people, the environment or the economy. People, the environment and the economy are at the heart of our new Corporate Responsibility strategy. Many of our current commitments we want to maintain, some we want to build up, and others we want to withdraw from, always with the goal of better supporting the people, environment and economy in Switzerland.

The "Swiss" part of Swisscom's name means we have an obligation to contribute to Switzerland's welfare and standard of living through the actions we take in the interest of sustainability. It is another interesting fact that, according to the Human Development Index of the United Nations, Switzerland is the country with the third highest quality of life in the world. In this and many other respects, Switzerland proves yet again to be exceptional in the best sense of the word.

Kind regards

Stefan Nünlist
Head of Group Communications & Responsibility

Res Witschi
Head of Corporate Responsibility

Sustainable environment

Swisscom attaches a great deal of importance to sustainability. Our main aim is to use resources efficiently, to think ahead and make provisions for future changes, and to ensure that our communication is based on dialogue and credibility. As a market, technology and innovation leader, a national infrastructure provider and a company committed to Switzerland, Swisscom holds a special position. Coupled with the expectations of the various stakeholder groups – especially customers, employees and the federal government as principal shareholder and as legislator – this position places high demands on the company as regards sustainability. Sustainable management and long-term responsibility are among the core values to which Swisscom is committed. They are reflected in Swisscom's vision, values, promise, corporate business strategy and code of conduct and are addressed in detail in the Corporate Responsibility (CR) strategy

Framework conditions and implementation of 2030 Agenda

The framework conditions for sustainable action are determined by the expectations of target groups and by politics and Swiss law. The "Sorgenbarometer" (literally "worry barometer") measures the concerns of Switzerland's population about issues such as employment, joblessness among the young, education, family, climate change and economic growth.

In 2015, the United Nations adopted its agenda for sustainable development (2030 Agenda) and the Sustainable Development Goals (SDGs). The UN's 2030 Agenda is the first comprehensive roadmap for sustainable development. It serves as a guide to both the public and private sectors. In 2016, Swisscom analysed the potential of the Agenda and subsequently followed its development. In a first step, Swisscom evaluated its contributions to the SDGs, and 169 individual SDGs were reviewed to ascertain their relevance for Swisscom. In a second step, Swisscom participated in two progressive projects focused on implementation of the SDGs. Swisscom cooperated on the "Gap Frame Tools" project of the Business School Lausanne and participated in the federal government's consultation process. The consultation was a participatory process in which stakeholders contribute to determining Switzerland's SDG status. The SDGs were incorporated into Swisscom's Sustainability Report for the first time in 2017, thus positioning Swisscom as a pioneer in the implementation of the 2030 Agenda in Switzerland.

In 2018, Swisscom took part in the study "Enabling the Global Goals" conducted by the Global e-Sustainability Initiative (GeSI), an umbrella organisation for companies in the information and communication sector. Urs Schaeppi, CEO of Swisscom, commented on the importance of the SDGs and this study as follows: "Swisscom will make its contribution to meeting the development goals of the UN and will rely on the GeSI study in formulating the measures needed to achieve this. This study clearly shows that digital solutions drive sustainable development."

Opportunities and challenges provided by digitisation for Swisscom

The digitisation of society is a fundamental development that on the one hand influences Swisscom's actions and strategies, and on the other hand influences Swisscom itself. It harbours both risks and opportunities, as surveys and discussions with interest groups have shown.

Swisscom makes use of the opportunities, while remaining conscious of the risks, and has established an office that is dedicated to addressing ethical issues. Here are a few examples of opportunities and risks:

- Digitisation creates jobs, but also makes other jobs redundant in turn.
- Artificial intelligence can offer added value but can also be considered a threat.
- Information and communication technology plays an important role in facilitating a sustainable way of life in metropolitan areas (SDG 11 "Sustainable Cities and Communities"), but also results in an increase in the consumption of resources and energy.

Can sustainability and smartness of a city be measured?
To answer this question, the International Telecommunication Union (ITU) joined with other UN organisations to found the U4SSC (United for Smart and Sustainable Cities) initiative. One of the goals of the initiative was to provide cities with a tool for measuring sustainability and smartness. Another was to promote the idea of sustainable, intelligent cities. The town of Pully in the canton of Vaud decided to join forces with Swisscom to become the third such place in the world – after Dubai and Singapore. The town's administrative bodies gathered information on around 100 economic, environmental and social indicators that describe the town's current status. The economic, environmental and social indicators measure, for example, public transport offerings, the unemployment rate, air quality and the number of intelligent remote meters for water and power consumption. After the first phase of evaluating the indicators and obtaining U4SSC certification, it became clear that threshold and target values had to be defined in order to ensure that this work could actually be applied and communicated. In other words, laws, ordinances and regulations had to be identified that can provide target values for each of the indicators evaluated? After determining these target values, the project team is now drawing up a report that is to be published in 2019. The aim of this project is to provide a tool that aids policy-making, so as to facilitate intelligent and sustainable manage-

ment of cities and to ultimately be able to better define priorities when implementing new projects.

UN Sustainable Development Goals

1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS	

Value chain, supply chain and key aspects of Corporate Responsibility

Swisscom generates the bulk of its added value in Switzerland. In 2016, activities abroad accounted for 8% (prior year: 9%) of the Group's added value from operations. Swisscom's business is described in detail in the Management Commentary.

Swisscom's supply chains for direct suppliers (Tier 1 and 2) are located mainly in Europe, the US and Asia. They are part of the electronics sector, mainly entertainment electronics, hardware for data processing and network equipment. The raw materials contained in Swisscom's various products stem from a wide range of countries and regions. Questions are increasingly being raised on the origin of the raw materials used and the associated environmental and sociological risks. Swisscom's active collaboration on the Global e-Sustainability Initiative (GeSI) indirectly makes Swisscom a supporter of the Responsible Mining Initiative (RMI) of the Responsible Business Alliance (RBA). The goal of this initiative is to more strictly monitor the origin of conflict minerals. The products in question are manufactured abroad and imported into Switzerland for final consumption. They support the services and brands of the Swisscom Group. Both positive and negative effects on the environment, economy and society are created along the value and supply chains:

- The provision of consumer and investment items and their transport to Switzerland have ecological effects on the use of energy and resources as well as on CO_2 emissions.
- The provision of infrastructure and telecommunication services plays a role in ensuring Switzerland's economic development and competitiveness.
- Using Swisscom services offers advantages to customers, but also entails certain technical and social challenges.
- Creating and maintaining jobs in Switzerland and within the supply chains has social and macroeconomic implications.

Swisscom assesses the effects on the environment, economy and society mentioned above according to their importance. It also involves stakeholder groups in the assessment, enabling strategic priorities to be defined precisely.

The added value statement and the distribution of added value are addressed in the Management Commentary of the Annual Report, in the "Financial review" section on page 44 ff.

Increasing positive impact

Minimizing negative impact
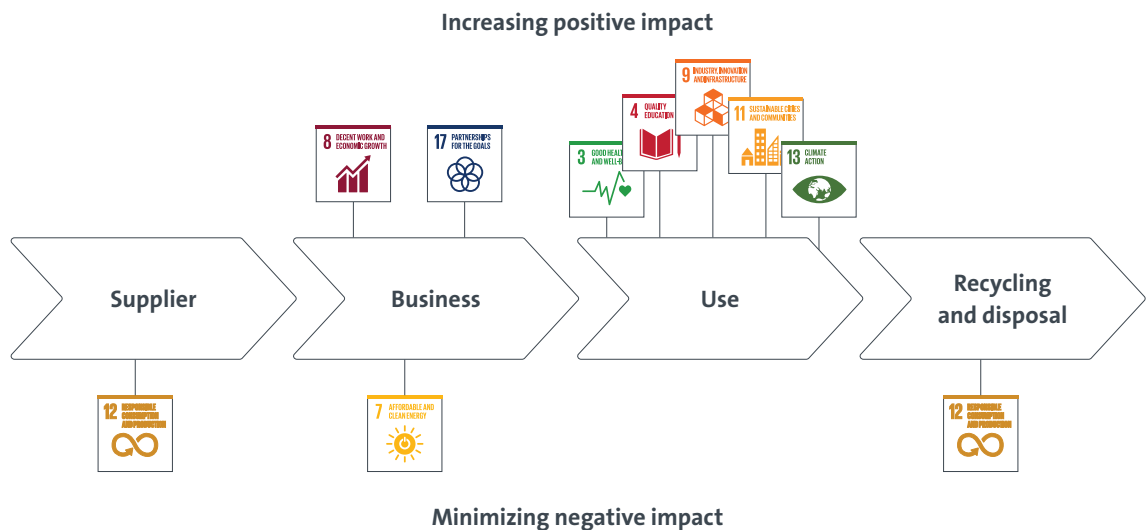
Stakeholder involvement

Swisscom fosters dialogue with its most important stakeholder groups through electronic media, over the phone, through surveys, information events, business meetings and conferences, as well as in customers' homes and in the Swisscom Shops. The stakeholders selected for inclusion in the survey are chosen based on the themes relevant to the sustainability strategy. The stakeholders surveyed have to be active in the core Swiss market and their interests not yet systematically recorded. In 2018, as in previous years, Swisscom acknowledged the concerns of the various stakeholder groups, treated them with priority and, for instance, took them into account in the implementation of its current Corporate Responsibility (CR) strategy. In 2018, Swisscom surveyed its most important stakeholder groups. The survey is conducted every two years, i.e. the next time will be in 2020. The expectations of the stakeholder groups have changed, which led to the CR strategy being further developed during the reporting year. In order to ensure the proximity to and continuous contact with the individual stakeholder groups, Swisscom decentralised its stakeholder group management. The CR Executive Dialogue was continued in 2018 by mandate of the Group Executive Board as part of the CR strategy revision process. In this dialogue, members of senior management, including the Group

Executive Board, discuss one or more of the six strategic Corporate Responsibility targets with leaders of stakeholder groups. Among other things, this included engaging in dialogue with WWF Switzerland about how digitisation promoted sustainability in 2018. With regard to social sustainability, an intensive exchange took place at management level with NGOs concerning the shut-down of the letshelp. ch crowdfunding platform. An alternative crowdfunding platform solution was found.

In-depth stakeholder analysis for the new CR strategy

The revision of the CR strategy included a comprehensive internal and external analysis of stakeholder interests. The strengths and weaknesses of the existing CR strategy were evaluated from the point of view of the stakeholders, as well as the impacts of the business activities of Swisscom stakeholder groups. Particular attention was paid to the expectations the different stakeholder groups have of Swisscom as a "corporate citizen".

Internal analysis

- **Board of Directors / Group Executive Board members:** in qualitative interviews, members of the Board of Directors and Group Executive Board addressed the challenges that ecological, social and governance issues present.
- **CR Team / CR SPOCS (internal contact partners) and subsidiaries:** in a questionnaire, line managers at all levels responded to questions about the anchoring of the current strategy and their new expectations.
- **CR Team:** the CR Team worked together with Group Strategy and Board Services to analyse the relevant growth areas of Swisscom with respect to their sustainability. The results confirmed the external analysis: the greatest challenges in future will lie in the ethical awareness of management and the responsible, transparent handling of data.

External analysis

- **Stakeholder survey:** the survey of major stakeholder groups, which is conducted every two years, was extended to cover the issues of radiation, environment, society, new technology and ethics, bringing the total of the topics addressed in the survey to eight. This was in response to feedback gathered in the most recent survey.
- **Trend scouting:** trend scouting was also expanded to include two new themes – "data security" and "mobile network-environment-society" – in response to the stakeholder survey.
- **Benchmarking:** with a view to formulating a new CR strategy, Swisscom developed a set of benchmarks based on a comparison of 15 international telecommunication companies and input from external support.
- **SDGs:** Swisscom analysed its contribution to the SDGs in detail. SDG 11 "Sustainable Cities and Communities" was identified as a particularly

relevant goal with substantial business potential for Swisscom. Consequently, in 2018 Swisscom established the new "Smart City" business area in its business customers segment.

Swisscom drew the following conclusions from these internal and external analyses:

- The updated CR strategy is now built on three pillars and incorporates the new topics identified in the analysis. Priorities were set for the contributions Swisscom makes to the benefit of the environment and society and for the company's responsibilities in the area of digitisation. A particularly strong focus is on energy efficiency and climate protection, responsible use of technologies (technology assessment), the challenges of a circular economy (customer and supplier sides), secure access to new technologies and the role IT infrastructure plays in Switzerland's competitiveness and quality of life.
- Governance was adjusted in line with the new strategy, as approved by the Group Executive Board at its meeting of 14 October 2018. A new function was created in the Ethics Officer. This role was assigned to the Head of Group Communications & Responsibility. In addition, the instruments for strengthening employee community were further developed and the dialogue with stakeholder groups was enhanced.

Dialogue with stakeholder groups and strategic priorities

A dialogue is entered into with stakeholder groups depending on how close the relationship is and on the individual stakeholder group's interests. However, the size of the respective stakeholder group is the decisive factor in the kind of dialogue that is possible.
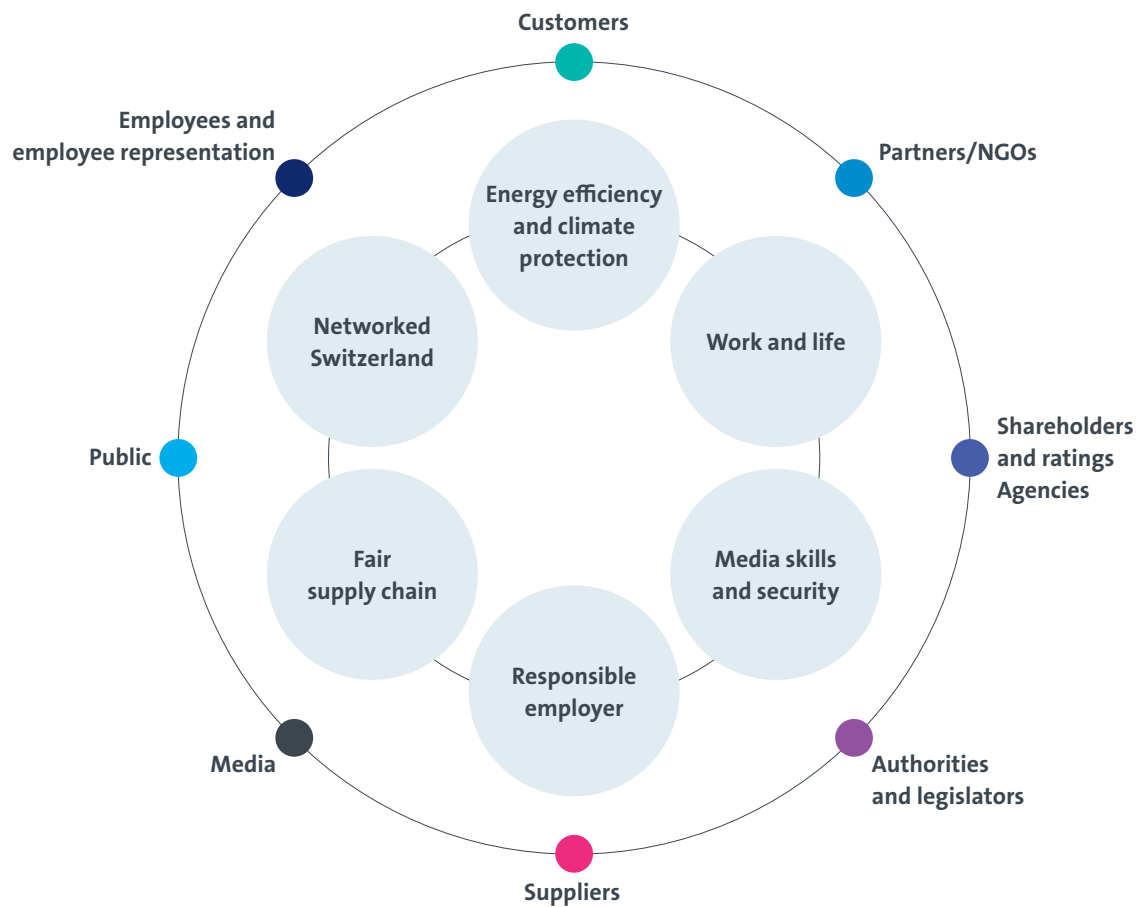
Customers

Swisscom systematically consults residential customers on their needs and their level of satisfaction. Customer relationship managers learn about customers' needs through their direct contact with them. Swisscom also conducts regular representative surveys addressing the issues of reputation and customer satisfaction. One reason for this is to determine the extent to which customers perceive Swisscom as an environmentally responsible and socially aware company.

Quarterly surveys are conducted among business customers, which include questions on sustainability. Swisscom also maintains regular contact with consumer organisations in all language regions of Switzerland and runs blogs as well as online discussion platforms. The overall findings of the surveys show that customers expect good service, attractive pricing, market transparency, responsible marketing and the careful handling of data, comprehensive network coverage, network stability, low-radiation communication technologies and sustainable products and services.

Partners and NGOs

Swisscom believes in the importance of sharing insights and information with partners within the framework of projects; for example, with WWF, myclimate, the Swiss Child Protection Foundation, Bread for all, Fastenopfer and organisations that address the special needs of affected groups. Active partnerships and Swisscom's social and ecological commitment are especially relevant for the partners and NGO stakeholder group. The Swisscom website provides an overview of the individual stakeholder groups.

☺ See **www.swisscom.ch/cr-partnerships**

Investors and rating agencies

Besides the Annual General Meeting, Swisscom regularly fosters dialogue with shareholders at analysts' presentations, road shows and in teleconferences. Over the years, it has also built up contacts with numerous external investors and rating agencies. Shareholders and external investors expect above all growth, profitability and predictability from Swisscom.

Authorities

Swisscom maintains close contact with public authorities at various levels. A key issue in its dealings with this stakeholder group is the expansion of the network infrastructure. Mobile data applications are becoming increasingly popular with customers. But while mobile communications are clearly appreciated and widely used, the expansion of the infrastructure required to provide these services does not always meet with the same level of support.

Network expansion can be a subject of dispute owing to the different interests at stake. Swisscom has been engaged in dialogue with municipal authorities and residents on network planning for many years. In the case of construction projects, it gives the parties affected an opportunity to suggest suitable alternative locations. Swisscom also liaises regularly with public authorities in other areas and on other occasions. For example, within the context of the two-day "Internet for Schools" seminar, which is held annually, Swisscom promotes dialogue with the ICT heads of the cantonal education authorities. Public authorities expect Swisscom to act firmly in honouring the responsibility it has towards the public at large and towards young people.

Legislators

Swisscom addresses issues of political and regulatory relevance and is in regular dialogue with authorities, political parties and associations. Wherever Swisscom makes a constructive contribution to the legislative process, it always aims for full compliance in the application of the law.

Suppliers

Swisscom's procurement organisations regularly address issues concerning suppliers and supplier relationship management, analysing the results of evaluations, formulating target agreements and reviewing performance. Once a year, they invite their main suppliers to a Key Supplier Day. The focus of the event is on risk mitigation and responsibility in the supply chain. In the interests of maintaining dialogue with global suppliers, Swisscom also relies on international cooperation within the relevant sectors.

Media

Swisscom maintains close contact with the media and is available to them seven days a week. Its relationship with the media is based on professional journalistic principles. In addition to the Media Office, representatives of management maintain a regular dialogue with journalists and make themselves available for interviews and more in-depth background discussions.

Public

We maintain contact with the public directly via the Swisscom website, through social media, through surveys of the public, at trade fairs and as part of events.

Employees and employee representation

Using a wide range of communication platforms and activities, Swisscom promotes a corporate culture that encourages dialogue and cross-collaboration between employees. The CEO and top management travel across Switzerland several times a year to meet with staff locally. Twice a year, Swisscom's employees are asked to share their opinions about their individual situations and issues concerning the company's organisation. These surveys allow every employee and team as well as the entire organisation to respond to feedback and make improvements.

Helping to shape Swisscom's future is one of the most important tasks of the Employee Representation Committee. This committee comprises 43 members (one representative for every 400 employees) distributed across seven representations. Twice a year, Swisscom organises a round-table meeting with the employee representatives. Employee concerns mainly relate to social partnership, training and development, diversity, and health and safety at work.

Material issues

Criteria of materiality

Swisscom applied the following qualitative criteria for assessing the materiality of each of the sustainability topics for its activities and reporting in the year under review:

- Importance with respect to the norms and standards of Swisscom (Vision, Values, Promise, Code of Conduct)
- Significance and relevance for the stakeholder groups of Swisscom
- Bearing on impacts caused by Swisscom
- Effects on the company's financial position, results of operations and reputation

Classification of sustainability topics in the materiality matrix

The sustainability topics can be classified in a materiality matrix based on the impacts Swisscom's activities have, the relevance of the topic to Swisscom's business strategy and the concerns of stakeholder groups. They are examined and dealt with internally according to level of importance and scope by the bodies that act as contact partners for

the respective stakeholders. The issues are also discussed by other bodies such as division management or the Group Executive Board. If necessary, these bodies initiate the appropriate measures. Division management and the Group Executive Board were also informed about the results of the stakeholder survey. The feedback from the stakeholder groups confirms the results of earlier surveys, especially as regards the subject of digitisation. The risks and rewards associated with digitisation are clear to stakeholders, and they expect Swisscom to be involved in digitisation. The stakeholder groups, on the other hand, are focused on ethical issues and make it absolutely clear that impeccable conduct is essential. In 2018, Swisscom modified and simplified the materiality matrix in line with the revised GRI standard. Economic issues are no longer represented in the matrix, even though they are by nature of vital interest to companies. Some issues have been regrouped and others have been removed from the matrix because the impacts related to Swisscom are of too little relevance.

The issues are arranged alphabetically within the boxes of the materiality matrix.

Swisscom materiality matrix 2018

Materiality for stakeholders — very relevant	Accessibility [1] Low-radiation communications technologies [2] Media skills [3] Occupational Health and safety [4]		Data protection [5] Ethics in the digital world [6] Fair supply chain [7] Media protection for minors [8] Networked Switzerland [9] Sustainable portfolio [10] Training and education [11]
relevant	Agenda 2030 / SDGs [12] Diversity and equal opportunities [13]		Circular economy [14] Energy efficiency and climate protection [15] Governance and implementation [16]
	relevant		very relevant

Materiality for Swisscom

■ **Sustainability Report :** [1] page 28, [2] page 45, [3] page 47, [4] page 57, [5] page 47, [6] page 23, [7] page 61, [8] page 48, [9] page 67, [10] page 44, [11] page 53, [12] page 6, [13] page 55, [14] page 65, [15] page 30, [16] page 22

Vision

As number 1, we are shaping the future. Together we inspire people in the networked world.

Values

trustworthy
We are close to our customers and staff and act in a responsible and reliable manner.

committed
We pursue our goals with passion and we focus on what's important.

curious
We are continually developing and always grasp new opportunities.

⊕ See **www.swisscom.ch/strategy**

Corporate Responsibility strategy

Swisscom takes responsibility seriously – now and in the future. To this end, it relies on its Corporate Responsibility strategy (CR strategy) and the related strategic priorities. Swisscom also integrated the United Nation's Sustainable Development Goals (SDGs) into its CR strategy, and in 2018 it drafted its CR strategy for the period up to 2025. Swisscom will uphold its commitment to sustainability and remain faithful to the priorities of its current strategy, but will focus these priorities better and embed them in the divisional strategies.

Priorities and objectives up until 2020

Swisscom's Corporate Responsibility activities focus on issues that have high relevance for stakeholder groups and at the same time are closely linked to the company's core business. Swisscom's vision is of a modern, forward-looking Switzerland: a country of great opportunities, including in the field of sustainability. Specifically, Swisscom focuses on improving its sustainability image and on six areas as strategic priorities; in 2015, it set a long-term target to be fulfilled by 2020 for each of these areas, based in part on two fundamental studies (SMARTer2030 and System Transformations, both by the Global e-Sustainability Initiative). The first three strategic priorities involve measures aimed at supporting Swisscom's customers in living a more sustainable life. Two of these priorities are geared towards its employees and partners. The final priority describes an economic target for Switzerland.

The CR strategy is described in detail in this Sustainability Report. Swisscom's corporate strategy is laid out in the section "Strategy and environment" on page 14 of the Management Commentary of the Annual Report.

Sustainability image

Swisscom wants to further improve its public image for sustainability

The main objective:
Achieve an average annual RepTrak score for "Citizenship" of over 70. The proportion of people who are unable to make a statement about the citizenship image of Swisscom should be reduced to under 10%.

Energy efficiency and climate protection

Swisscom wants to further increase its energy efficiency by 2020. Together with its customers, Swisscom campaigns for climate protection in Switzerland.

The main objectives:
Together with its customers, Swisscom is aiming to save twice as much CO_2 as it emits through its operations, including the supply chain, by 2020. By 2020, Swisscom also wants to increase energy efficiency by another 35% as compared to 1 January 2016.

Work and life

Swisscom is committed to a Switzerland worth living in.

The main objective:
By 2020, Swisscom wants to support one million people in the use of mobile working models and another million in leading a health-conscious lifestyle.

Media skills and security

Swisscom is committed to promoting a Switzerland in which browsing the Internet is not dangerous.

The main objective:
By 2020, Swisscom wants to help one million people use media safely and responsibly.

Attractive employer

Swisscom is committed to promoting a working environment in which all employees are able to grow and excel.

The main objective:
Achieve a leading position within the ICT sector (ranked number 2 by Universum).

Fair supply chain

Swisscom is committed to promoting a Switzerland that fosters fairness throughout the world.

The main objective:
Swisscom wants to increase the number of audits conducted at its suppliers and thereby enable around two million workers to benefit from improved working conditions.

Networked Switzerland

Swisscom is committed to promoting a Switzerland that is competitive.

The main objectives:
Swisscom wants to guarantee ultra-fast fixed-network and mobile broadband coverage throughout Switzerland. By 2020, Swisscom wants to supply 85% of all homes and businesses with ultra-fast broadband and 99% of the population with ultra-fast mobile broadband.

Priorities and objectives up until 2025

Digitisation is impacting the economy and society more and more over time. As Switzerland's leading ICT company, Swisscom bears a special responsibility in this respect. It has to seize opportunities that could benefit the country's welfare as they arise, while keeping a careful eye on potential risks. In other words, its involvements and impacts in the future must be driven by a keen sense of curiosity but also a keen sense of responsibility.

The stakeholder survey carried out in the spring of 2018 showed that ethics and integrity of action based on ethical principles are more important than ever. Swisscom therefore endeavours to make technical advances accessible to everyone and prevent their misuse, honouring principles of ethics and integrity of action. The potential of smart data, artificial intelligence, Industry 4.0, smart cities, smart homes and eSports presents challenges for society as a whole and for companies like Swisscom in particular.

Moreover, the stakeholder survey shows that while Swisscom's 2020 CR strategy addresses the relevant social issues, it no longer fully reflects the rapid progress occurring in the industry.

Swisscom has therefore revised and focused its 2020 CR strategy and geared it to a time horizon up to 2025.

2018 will be the last year for which the Sustainability Report refers primarily to the 2020 sustainability targets. From 2019 onwards, Swisscom will focus on the sustainability targets for 2025 and will address three core challenges of the digital information society in depth:

- The digital skills of people living in a networked world have to be honed. While technologies advance at great speed, people's skills do not simply change without help. The ability to relate competently to a digital "other" is vital in almost every area of life – for schoolchildren, for fathers and mothers, and for politicians and citizens, whether young or old. Anyone embedded in a value creation chain has to keep up with the demands of the networked world.
- Making a decisive contribution to global climate protection is essential. Climate change is a global problem of the first order, with repercussions that are impacting Switzerland more and more every year. All countries must contribute in major ways to climate protection. Digitisation harbours promising possibilities for this effort.
- Reliable, secure infrastructure is fundamental to Switzerland's competitiveness and quality of life and must, therefore, be continually developed.

In response to these challenges, Swisscom has formulated three objectives for contributing to the well-being of people, the environment and Switzerland as a nation:

- **Doing more for people:** Swisscom enables people in Switzerland to make use of the opportunities presented by a networked world. It is helping two million people to develop their digital skills and is improving working conditions in its supply chain, and it will maintain this focus until at least 2025. Swisscom also provides training to 1,000 apprentices.
- **Doing more for the environment:** Swisscom cares about the environment. It is working with its customers to reduce its CO_2 emissions by 450,000 tonnes. This corresponds to 1% of Switzerland's greenhouse gas emissions.
- **Doing more for Switzerland:** Swisscom uses the best networks and progressive solutions to create added value for its customers, employees, shareholders and suppliers, and for Switzerland. It provides everyone and all businesses in Switzerland with reliable ultrafast broadband. By doing this it makes Switzerland a more competitive country and a better place to live.

These three objectives are also in compliance with the company's overall goals and the 17 Sustainable Development Goals of the United Nations. The new strategy retains the earlier objectives in relation to media skills, climate protection, being a responsible employer, maintaining a fair supply chain and a networked Switzerland. The Work Smart initiative is being further promoted in the context of the new environmental objective. Further details on Swisscom's goals and their implementation will be provided in the 2019 Sustainability Report.

Swisscom's contribution to the SDGs

SDG	Swisscom's contribution to the SDGs	Further information
3 GOOD HEALTH AND WELL-BEING	Promote the health of the population with offers in the area of health care.	• Offers in the healthcare sector **CR target:** Utilisation of health offerings
3 GOOD HEALTH AND WELL-BEING	Promote the health of Swisscom employees through occupational health management as well as occupational health and safety.	• Health and safety in the workplace **CR target:** Occupational health management and absence rate
4 QUALITY EDUCATION	Promote the populations' media skills.	• Promoting media skills • Media courses for parents, teaching staff and pupils • Swisscom Academy **CR target:** Promoting media skills
4 QUALITY EDUCATION	Contribution to the educational landscape in Switzerland by providing broadband Internet access for schools.	• "Internet for Schools" initiative **CR target:** Promoting media skills
5 GENDER EQUALITY	As a contribution to diversity and equality, the goal is to increase the proportion of women in management.	• Diversity **CR target:** Diversity
7 AFFORDABLE AND CLEAN ENERGY	Contribution to cheaper and cleaner energy with the offer tiko power, tiko Storage and virtual power plant in the sustainable portfolio.	• Smart Energy **CR target:** CO_2 savings by customers
7 AFFORDABLE AND CLEAN ENERGY	Swisscom makes its contribution through measures to boost energy efficiency and climate protection within the framework of the CR strategy.	• Energy efficiency and climate protection **CR target:** Energy efficiency
8 DECENT WORK AND ECONOMIC GROWTH	Swisscom offers attractive jobs and working conditions. Swisscom's long-term investments in network and infrastructure are a significant direct and indirect contribution to enhancing Switzerland as a place to do business. Swisscom contributes to improved working conditions in the supply chain.	• Staff development • Networked Switzerland • Fair supply chain **CR target:** Responsible employer and Review of working conditions of employees working for our suppliers
9 INDUSTRY INNOVATION AND INFRASTRUCTURE	Expansion of the network infrastructure and the sustainable portfolio. Participation in building up the CO_2 sensor network "Carbosense".	• Networked Switzerland • Basic service provision • Low Power Network **CR target:** Coverage of Switzerland with ultra-fast broadband
11 SUSTAINABLE CITIES AND COMMUNITIES	Expansion of the portfolio for sustainable services, especially in the area of IoT and Smart City.	• Sustainable ICT services for residential customers • Sustainable ICT services for business customers **CR target:** Expansion of portfolio of sustainable services
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	By expanding the sustainable portfolio and with initiatives to take back and recycle end devices, Swisscom is making its contribution.	• Sustainable portfolio • Circular economy **CR target:** Expansion of portfolio of sustainable services and Mobile telephone return
13 CLIMATE ACTION	Expansion of the portfolio of sustainable services for reducing CO_2.	• Efficiency gains through sustainable ICT services at Swisscom **CR target:** Expansion of portfolio of sustainable services
13 CLIMATE ACTION	Swisscom makes its contribution through measures to boost energy efficiency and climate protection within the framework of the CR strategy.	• Energy efficiency and climate protection **CR target:** Energy efficiency

CR targets

The most important indicators for the achievement of Swisscom's CR targets

Priority of the CR Strategy	Guidance 2018 [1]	Value 2018 [2]	Target 2020	Guidance 2019
Image target / cross-portfolio activities				
Main target: Swisscom's sustainability image		🟢		
Reptrak = standardised tool for image measurement of companies Anti-corruption (GRI 205-2)				
KPI: Citizenship points in Reptrak from the rating by the general public	>70	68.8	>70	-
KPI: Share of "do-not-know"-answers Citizenship in Reptrak			<10%	
2019 measures: • Establishment of the sustainability label and the topic circular econcomy in Swisscom Shops • Actions with public visibility on media skills, circular economy and smart city • «Together we can increase sustainability» on further products				
Expansion of portfolio of sustainable services (SDG 13)		🔴		
Services with ecological or social value. These products are given a label. The composition of the portfolio varies over the years.				
KPI: Increase in the number of services with a sustainability label	55	45	60	50
2019 measures: • Evaluation or redesign of suitable services				
Mobile telephone return (GRI 301-3, SDG 12)		🔴		
Re-use/recycling of mobile phones that are no longer used				
KPI: Return rate (percentage of sold mobile phones returned for recycling)	12%	10%		12%
2019 measures: • Increase in return rate over 2016 in the "Mobile Aid" and "Mobile Bonus" programs for private customers and "Mobile Bonus Business" for business customers				
Reduction in paper consumption (GRI 301-3)		🟢		
KPI: Percentage of residential customers and SME clients using online billing	40%	39%		43%
2019 measures: • Further promotion of online billing • Direct mailing for suitable customer segments				
Training for employees at touch points (shop/call center/sales) (GRI 306-5)		🟢		
Training in Corporate Responsibility (CR) and in environment and social topics. Touch point training on the protection of minors in the media carried out				
KPI: Conduct training courses on anti-corruption	occurred	occurred	occurred	-
2019 measures: • Touch point training on the sustainability benefits offered by Swisscom products				
Anti-corruption (GRI 205-2)		🟢		
Conduct training courses on anti-corruption				
KPI: Conduct training courses on anti-corruption	occurred	occurred	occurred	-
2019 measures: • Only situational training intended				

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🔴 = target not achieved
3 target exceeded

Priority of the CR Strategy	Guidance 2018 [1]	Value 2018 [2]		Target 2020	Guidance 2019
Energy efficiency and climate protection					
Main target: (GRI 305-2) Increase in the ratio between customers' CO_2 savings and Swisscom's own CO_2 emissions ("2:1-target")		🔴			
Emissions and savings are recorded in accordance with the ISO 14064 standard, verified externally and disclosed in detail in a climate report					
KPI: Ratio of the CO_2 savings achieved by customers to the sustainable portfolio and Swisscom's own CO_2 emissions	1.60	1.30		2	1.80
2019 measures: • Further reduce own emissions from operation, including supply chains • Promotion of existing sustainable services • Expansion of the portfolio of sustainable services					
Main target: Energy efficiency (GRI 302-3, SDG 7, 13)		🔴			
Increase in energy efficiency EF EF = (GEV + ∑ ESP) / GEV • TEC = Total energy consumption • AES = Accumulated energy savings Source: OFEV/FOEN Directive					
KPI: Increase in energy efficiency EF in %		20.5%		35%	27%
2019 measures: Implementation of other cost-cutting and efficiency measures (target = 23 GWh) including: • Dismantlement of analog network and technology improvements • Increase efficiency in data centers • Virtualization of servers					
Optimisation of CO_2 emissions of vehicle fleet		🟢			
Focus on direct emissions from fossil fuels (Scope 1)					
KPI: Average CO_2 emissions per car in g CO_2/km according to manufacturer data	102	104		95	101
2019 measures: • Further implementation of the procurement roadmap					
CO_2 emissions (GRI 305-1, 305-2)		🔴			
CO_2 emissions in operations and in the supply chain (excluding Fastweb, energy offset). Part of the 2:1-target.					
KPI: CO_2 emissions in tonnes	360,000	437,491		341,000	400,000
2019 measures: • Implementation of further efficiency measures • Improvements jointly implemented with suppliers					
CO_2 savings by customers thanks to sustainable ICT services (GRI 305-5, SDG 7)		🟢			
Sum total of savings achieved by customers through the use of sustainable Swisscom products. Part of the 2:1-target.					
KPI: CO_2 savings in tonnes	569,000	569,003		700,000	625,000
2019 measures: • Promotion of existing sustainable services such as in the range of Work Smart and tiko/Swisscom Energy Solutions • Expansion of portfolio of sustainable services particular in the range of IoT and Smart City					

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Priority of the CR Strategy	Guidance 2018 [1]	Value 2018 [2]	Target 2020	Guidance 2019
Work and life				
Main target: Utilisation of mobile working models		● [3]		
Number of people able to work on the move in Switzerland (according to a survey) multiplied by the average share of the fixed network and mobile broadband market				
KPI: Number of customers		1,102,000	1,000,000	
2019 measures: • Active participation in the Work Smart Initiative				
Media skills and security				
Main target: Promoting media skills		● [3]		
Measurement by reference to the number of courses, visitors media smart platform, reader publications and child protection offerings				
KPI: Number of customers (cumulative)	-	1,056,142	1,000,000	
2019 measures: • New issue of enter (16th issue); migration media smart on www.swisscom.ch/storys for the purpose of increasing higher range • Awareness campaign media usage (Awareness Day)				
Participation in media skills courses (GRI 413-1)		● [3]		
Media skills courses for parents, teachers, pupils (middle and upper school) and Swisscom Academy **KPI:** Parents/teachers	8,000	9,290		8,000
KPI: Pupils	28,000	35,266		37,000
KPI: Swisscom Academy	20,000	15,027		20,000
KPI: Total number of visitors	56,000	59,583		60,000
2019 measures: • Expansion of offering by means of an online platform • Further marketing of the offering with complementary material • Media courses: Increasing publicity with specific communication measures, strengthen capacity of course instructor • Swisscom Academy: Expansion of online formats such as help videos and webinars and focus on the new online-format "Info-Café" (informational events)				
Promoting media skills: Visitors to the Media Smart platform (GRI 413-1, SDG 4)		●		
KPI: Number of visitors on the platforms	120,000	18,493	120,000	120,000
2019 measures: • Continuation of SEO (search engine optimization) measures • Review of the reorientation of the platform				

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   ● = target not achieved
3 target exceeded

Priority of the CR Strategy	Guidance 2018 [1]	Value 2018 [2]	Target 2020	Guidance 2019
Responsible employer				
Main target: Establishing the company's position as one of the most popular employers in Switzerland		🔴		
The position is measured by reference to the "Universe" ranking by students and professionals http://universumglobal.com/rankings/company/swisscom/				
KPI: Rank students	-	4	2	-
KPI: Rank professionals	-	2	2	-
2019 measures • Step up communication activities (flexibility & health, Employability, Diversity, Corporate Volunteering) • Positioning as a responsible employer, new consideration of the dimensions of ethics and CSR				
Diversity (GRI 405-1, SDG 5, 8)		🔴		
Increasing diversity among employees, measured by gender distribution, age mix, nationalities and inclusion. The Diversity Index is only carried out every two years.				
KPI: Diversity Index of Superior School of Lucern (rang)	-	4	1	
KPI: share of women in management positions Decision: Increase by 1% annually	-	11.7%	13.7%	
KPI: employees whose performance is impaired due to health problems (inclusion)	-	0.93%	1%	
2019 measures • Promotion of flexible working models for women and men at all levels • Specific training opportunities for women in management positions, Women's pools in recruitment for MINT bodies, ICT weeks for girls • Inclusion of people with autism in IT testing				
Occupational health management OHM (GRI 403-1, SDG 3)		🔴		
Staff absence rate constant or reduced over the prior year				
KPI: Absences in days/target days (weighted by FTE) x 100 Target days are based on standard working hours.	2.8%	3.06%		2.8%
2019 measures • Transverse projects: BGM@CTP (Customer Touchpoint), introducing mental helath training and early identification for line manager • Learning Lunches Social Media and Food, Mindfulness@Meeting, Mindfulness during Lunchtime, Study iCope (Online Stress Training), Webinar menatl health for line manager, self-management courses • Ergonomics-mini-consulting, Leadership & Health, health checks for employees with time autonomy, health checks for management staff, Learning-Lunches regulars table (discussion about Burnout), Learning-Lunches nutrition				
Corporate Volunteering (GRI 413-1)		🔴		
KPI: Number of volunteer days Give&Grow	1,300	1,072		1,100
2019 measures • Continuation of the programme in line with the number of volunteer days in previous year				

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Priority of the CR Strategy	Guidance 2018 [1]	Value 2018 [2]	Target 2020	Guidance 2019
Fair supply chain				
Main target: Review of working conditions of employees working for our suppliers (JAC Initiative) (SDG 8)		🔴		
Number of audits multiplied number of employees at the audited factories JAC = Joint Audit Cooperation				
KPI: Number of employees working at suppliers		1,030,000	2,000,000	-
2019 measures • Expanding the audits of the JAC community through partnership with the EICC				
Review of suppliers (GRI 300/400)		🟢		
KPI: Number of suppliers that have been audited	115	116		125
KPI: of which led by Swisscom	5	5		5
KPI: Number of suppliers with self-assessment (validated externally)	150	153		165
2019 measures • Intensification of joint activities as part of JAC (audits, qualitative + quantitativ), targeted "on-boarding" self-assessment				
Review of strategically important suppliers in terms of transparency of greenhouse gas emissions (GRI 308-1)		🟢		
KPI: Number of key suppliers that disclose their climatic data via CDP CDP = Carbon Disclosure Project	60	71		73
2019 measures • Promotion of participation in CDP, individual supplier dialogue				
Networked Switzerland				
Main target:Coverage of Switzerland with fixed ultra-fast broadband as a requirement for ind. BIP of CHF 30 billion (GRI 203-1, SDG 9)		🔴		
KPI: Coverage of households and businesses Ultra-fast broadband = bandwidth (BB) >100 Mbps Base: 3.6 mio. households and 0.7 mio. businesses (source: FOS)	-	55.9%	85%	-
2019 measures • Roll-out FTTx (x = Home, Street or Curb) • Increase in bandwidth				
Main target:Coverage of Switzerland with fixed ultra-fast broadband as a requirement for ind. BIP of CHF 30 billion (GRI 203-1)		🟢		
KPI: Coverage of population Ultra-fast broadband = bandwidth up to 150 Mbps	-	99%	99%	-
2019 measures • The target is reached with 99% coverage. No new target for 2018 provided.				
Further measures: • Development of the mobile network according to the 5G standard				

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Corporate responsibility – governance and implementation

Strategic goals of the Federal Council

Every four years, the Federal Council defines the goals which the Confederation as principal shareholder aims to achieve. In 2017, the Federal Council defined the goals for the period from 2018 to 2021. It continues to expect of Swisscom that, within its economic capabilities, it will pursue a corporate strategy that is both sustainable and committed to ethical principles.

⊕ See **www.swisscom.ch/ziele_2018-2021** (in German)

Incorporation in the strategy

The Board of Directors of Swisscom is committed to pursuing a strategy geared towards sustainability. It addresses the relevant economic, environmental and social issues in plenary sessions. The implementation of the strategy is delegated to the CEO of Swisscom Ltd. In turn, 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 (GCR) division is responsible for the implementation of the corporate responsibility (CR) strategy. Since 2017, it is also responsible for taking the Sustainable Development Goals (SDGs) and the 2030 Agenda into account – and therefore also for the sustainable development of Swisscom's CR strategy.

⊕ See **www.swisscom.ch/basicprinciples**

Responsibility of the Board of Directors

The Board of Directors approves the goals and principles of the Group's corporate policy. Sustainable business management is part of Swisscom's corporate policy. The Board of Directors acknowledges the long-term CR strategy with the strategic priorities and long-term CR goals, its scope and the corresponding governance. It also decides whether the scope of the CR strategy should be expanded – for example, to include domestic and foreign subsidiaries. Every December, the Board of Directors also acknowledges the goals for the following year. Every three months, the Board of Directors is informed in quarterly reports, and also verbally in December, on the implementation status of the CR strategy and the extent to which the goals have been achieved.

In December 2015, the Board of Directors acknowledged and agreed with the applicable CR strategy 2020, its scope and the corresponding governance. The new Corporate Responsibility Strategy 2025 was approved by the Board of Directors in December 2018.

Responsibility of the Group Executive Board

The Group Executive Board convenes twice a year to discuss the further development and implementation of the CR strategy. Every November, it reviews the past year and approves the goals and measures for the coming year. On 14 October 2018 it adopted the new CR 2025 strategy. For the priorities of the CR strategy, the CEO names Group Executive Board members and the Head of Group Communications & Responsibility as internal sponsors. These sponsors take the long-term CR strategy, use it to define annual goals within their priorities and are responsible for the progress and achievement of these goals.

The areas of responsibility of the sponsors are aligned with the core tasks of the respective Group Executive Board members and the Head of Group Communications & Responsibility. They were confirmed by the CEO at the meeting of the Group Executive Board held on 12 June 2017 and are set out as follows:

- **Overall management:** Head of Group Communications & Responsibility
- **Energy efficiency and climate protection:** Head of IT, Network & Infrastructure (network issues), Head of Group Business Steering (CFO) (mobility and real estate issues), Head of Enterprise Customers (new from 2018: smart city as contribution to climate protection)
- **Work and life:** Head of Products & Marketing (sustainable residential customers portfolio), Head of Enterprise Customers (sustainable corporate customers portfolio)
- **Media skills:** Head of Products & Marketing (sustainable residential customers portfolio), Head of Sales & Services (sales portfolio and customer support)
- **Responsible employer:** Head of Group Human Resources
- **Fair supply chain:** Head of Group Business Steering
- **Networked Switzerland:** Head of IT, Network & Infrastructure

These areas of responsibility ensure that the priorities of the CR strategy are binding and firmly embedded in the company.

The Group Executive Board has the following controlling instruments at its disposal:

- Weekly reports prepared by Group Communications & Responsibility, with information on the measures implemented and project status
- Quarterly reports with information on the main KPIs (key performance indicators) based on the priorities of the CR strategy
- Quarterly reports drawn up by Risk Management
- A six-monthly status report

Role of Group Communications & Responsibility

The Group Communications & Responsibility division and the Corporate Responsibility (CR) team attached to this division are responsible for coordinating the implementation of the CR strategy and leveraging

synergies across all divisions. The CR team's specific tasks include:

- Drawing up the CR strategy (goals/priorities) in conjunction with line and support units
- Taking into account the SDGs and 2030 Agenda for the sustainable development of Swisscom's CR strategy
- Supporting the sponsors from the Group Executive Board
- Coordinating implementation of the strategy and initiation of measures
- Formulating the requirements for the implementation of the CR strategy
- Engaging in dialogue with stakeholder groups
- Engaging in dialogue with strategic partners (including NGOs)
- Reporting to internal and external stakeholder groups

- Liaising with the Group Business Steering division within the context of sustainability reporting and drawing up the Annual Report

Line units and the corporate responsibility network

Depending on the strategic priority in question, CR measures are implemented by either project teams or line units. Additional management members are also designated in each division and these persons are responsible for engaging with the measures at an operational level in close collaboration with the CR team. An event is held at least once a year for all of the members of the CR network for the purpose of exchanging information and exploring new issues.

Members of the Group Executive Board and their responsibilities

The diagram below illustrates the role of members of the Group Executive Board in providing support and advice to the line units.
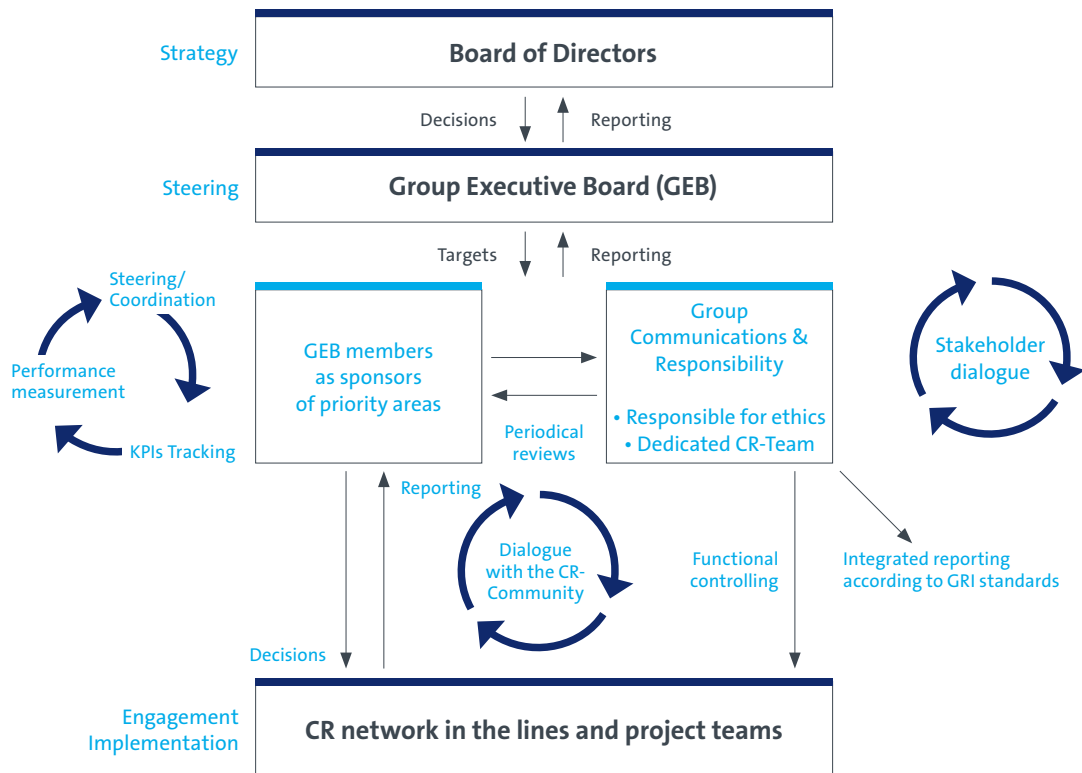
Ethics in the digital world

Ethics is no mere abstract concept for Swisscom. It is the frame of reference for everything Swisscom has been doing for many years. The public's interest in an ethical economy has risen dramatically – and stakeholders' demands that companies act with integrity are justified. Swisscom is therefore devoting a new section to ethics in this report.

Swisscom acts in such a way as not to disadvantage its customers, the economy, the environment, the general public, social groups, individuals or itself. It

acts in the knowledge that it maintains its competitive position not only through offering convincing products and services – acting with integrity and on the basis of ethical principles is just as important for its market position. Swisscom is committed to transparency and open dialogue with the public. It also encourages its employees to ask themselves on a daily basis whether their decisions and actions comply with the norms and values of the company and society. Swisscom is only economically successful if there is harmony between the company and society – in other words, if Swisscom remains close to its customers and employees and acts responsibly,

reliably and trustworthily. The trust placed in it places an obligation on Swisscom in its day-to-day operations and makes a significant contribution to its market success, credibility and reputation.

As its main shareholder, the Confederation expects Swisscom to pursue a corporate strategy that is, to the extent that it is economically possible, both sustainable and committed to ethical principles.
☺ See **www.swisscom.ch/ziele_2018-2021** (in German)

Swisscom lives up to this demand for legality and legitimacy in its actions through its commitment to the environment, society and the economy, in both the analogue and digital worlds. Swisscom's ethical standards are intended to ensure that the company and all its stakeholder groups benefit equally. Swisscom is aware that there are conflicting objectives, but actively addresses these and strives to collaborate to identify solutions that accord with its corporate culture.

Ethical standards affect the entire company. Swisscom trusts all its employees and expects them to act with integrity. Management sets an example in this regard. The Head of Group Communications & Responsibility, who participates in the meetings of the extended Group Executive Board, is also the person responsible for Swisscom's ethics. Since the year under review, he has been responsible for ethical issues and impact assessments relating to Swisscom's business activities; he scrutinises issues concerned with integrity, raises awareness among employees and conducts an open dialogue with them. We have set ourselves the goal of establishing this dialogue in suitable, existing or new, internal and external channels in the coming year. If employees feel that a business activity may be incompatible with the values and standards of Swisscom or society as a whole, they can report this at any time without fear of retribution.

Swisscom embodies its responsibilities through its commitment to greater sustainability. Its 2025 Sustainability Strategy creates added value for society and the environment and stands for ethically responsible entrepreneurship. Among other things, Swisscom makes a contribution to energy efficiency and climate protection, aims to improve the quality of people's everyday lives in a smart manner, advocates fair working conditions in Switzerland and abroad, promotes the development of its employees and is committed to fostering better media skills in Switzerland. All these commitments are binding on Swisscom employees in their daily work. Projects and commitments are examined to ensure that they are not only profitable, but also meet Swisscom's high sustainability standards and hence have a positive impact in the long term.

Swisscom actively participated in public discussions on the following issues during the year under review:

- **Human rights:** the protection of human rights is an integral part of Swisscom's corporate culture. Swisscom aligns itself with international standards and supports a solution-oriented approach, in the interest of the common good and in the interest of the company.
☺ See **www.swisscom.ch/humanrights**

- **Code of Conduct:** bearing responsibility, complying with rules, being honest and reporting violations – Swisscom's Code of Conduct contains the minimum expectations that the Board of Directors and CEO have of the managers and employees of Swisscom and its Group companies.
☺ See **www.swisscom.ch/cr-governance**

- **corporate responsibility governance:** transparency and clear responsibilities characterise responsible corporate governance at Swisscom, which defines the rules in accordance with which Swisscom is managed, organised and controlled. Principles of communication: employees adhere to the Swisscom values and principles of communication in their day-to-day communication with one another, with customers and also in media and public relations work.
☺ See **www.swisscom.ch/cr-governance**

- **Transparency and dialogue:** Swisscom seeks to establish contact with the public. It maintains an open dialogue with interested stakeholder groups on specific topics relating to its core business. The following summary shows those contact measures that are open to the general public as part of Swisscom's commitment to ethics and integrity. Swisscom employees also have the option of anonymously reporting suspected unfair business practices via a publicly accessible whistle blowing platform. The incoming notifications are handled by the Internal Audit department.
- **Sustainable product design:** Swisscom's CR team is in continuous dialogue with product and service developers. It scrutinises whether the respective project meets sustainability standards and is in line with the values of the company and society at large. The sustainability label also distinguishes measures that help Swisscom customers live a sustainable lifestyle. Smart ICT, energy-saving and child protection functions in Swisscom products and services help customers reduce their electricity consumption, avoid CO_2 emissions, work flexibly and use digital media safely and efficiently. Finally, Swisscom's Lean Quality Management formulated requirements for sustainable product design in 2018.
- **Responsible data handling:** smart data provides opportunities for society, for the economy and for Swisscom as a company. Swisscom is aware of the trust its customers place in it when it comes to the handling of data. That is why Swisscom has set up a data governance procedure that systematically draws up measures and processes to establish and

promote a data culture. The aim is to ensure that Swisscom processes data in a legally compliant and legitimate manner. Swisscom became a board member of the Open Data Association in 2018. This is an example of how the company is involving itself in the socio-political discourse surrounding the public availability of data.

☺ See **www.swisscom.ch/smartdata**

- **Artificial intelligence and ethics:** Swisscom introduced the topic of artificial intelligence and the associated ethical aspects to a broad range of customers for the first time at three major events in 2018. A selected panel of experts from science, technology, research and industry discussed ethical issues relating to artificial intelligence, its applications and the likelihood of a "technical singularity" occurring.

Management approaches

Precautionary principle

Swisscom works in a sustainable manner, in accordance with its vision and values. It employs established management systems and approaches to reduce environmental, business and social risks. Group targets and directives ensure that corporate responsibility requirements are taken into account in operations and projects. Raising awareness among its staff through training is an important element of Swisscom's precautionary principle. In part, this is achieved by promptly providing information about sensitive issues.

Management systems adhere to ISO international standards. External audits confirm compliance with the following standard requirements through certification:

- 9001 Quality management
- 14001 Environmental management
- 14064 Guideline on greenhouse gas inventory
- 20000 IT service management
- 27001 Information security management system
- 33002 Information technology – process assessment

With regard to the electromagnetic fields in telecommunications technology – in particular in relation to mobile communications – Swisscom has a certified quality assurance system (QAS) in place. This system is designed to ensure compliance with the limits set down in the Ordinance on Protection from Non-Ionising Radiation (NIRO limits). Preventive measures are taken as part of Swisscom's operational risk and safety management system.

☺ See **www.digitalswitzerland.com**

Compliance management

Swisscom's wide range of business activities, coupled with the complexity of the applicable regulations, calls for an effective compliance management system

(CMS). Swisscom's CMS covers the entire Group and is based on the following underlying elements:

- **Culture:** an effective CMS is founded on a culture of compliance. The Code of Conduct sets out the minimum expectations of the Board of Directors and CEO of Swisscom Ltd. These are communicated throughout the company by its leadership and in its and day-to-day collaboration.
- **Objectives:** the Board of Directors defines the compliance objectives: all organisational measures and activities are aligned with these goals.
- **Risks:** Swisscom identifies and defines compliance risks based on its business activities as well as on regulatory and legal requirements and any amendments to these. It assesses the risks depending on the situation in the event of new business activities and changes to the legal framework as well as periodically (at least every two years) and responds to these risks through appropriate management measures.
- **Organisation:** the Board of Directors has defined minimum compliance tasks. The Group Executive Board and the management boards of the subsidiaries have defined further tasks and responsibilities. They provide the resources required for an effective CMS.
- **Communication:** employees are informed of their tasks, competences and responsibilities. They are trained to take account of the respective risks of the measures in the individual compliance areas. Each year, a report is sent to the Board of Directors and the Group Executive Board of Swisscom Ltd, as well as to the management boards and boards of directors of the subsidiaries and other internal units.
- **Monitoring and improvements:** Swisscom monitors the CMS and eliminates any weaknesses on an ongoing basis.

To safeguard trade secrets, Swisscom does not publish any compliance reports. Brief information is provided in the GRI Index of this Sustainability Report.

The compliance system monitors compliance with the laws in the following legal areas throughout the Group:

- Anti-corruption
- Anti-money laundering
- Banking law (deposits from the public)
- Data protection and confidentiality (concerning all laws)
- Federal Act on Product Safety
- Antitrust legislation
- Telecommunications legislation
- Stock exchange law (including OaEC)

☺ See **www.swisscom.com/basicprinciples**

Responsible marketing

Swisscom's marketing is aligned with its own vision and the principles of the Swiss Commission for Fairness

in Advertising (Schweizerische Lauterkeitskommission). These principles govern all of the relevant aspects of fairness and integrity in communication. The Brand & Strategy team, which is integrated in Group Communications & Responsibility, is responsible for informing Swisscom's marketing units about any further development of these principles. The communicating units are responsible for ensuring that the principles are adhered to, since they are in a position to recognise any breaches of compliance at an early stage and can take preventive action.

Swisscom does not differentiate between its customers by age or gender, but rather ensures that each customer can get to grips with an ever increasingly networked and digitised world on an individual level. This approach ensures that Swisscom can support its customers in the digital world without discrimination and according to each customer's personal level of knowledge.

There were no infringements against fair trading in marketing and communications in the year under review.
☺ See **www.faire-werbung.ch** (in German)

The protection of human rights within the Swisscom Group and throughout the supply chain

The protection of human rights is an integral part of Swisscom's corporate culture. Swisscom aligns itself with recognised standards, including the UN Guiding Principles on Business and Human Rights, the standard SA8000 from Social Accountability International (SAI) and the company's procurement guidelines. In 2016, Swisscom published its guideline on human rights; it garnered national attention and consequently was listed on the Business and Human Rights website of the State Secretariat for Economic Affairs (SECO) and of the Federal Department of Foreign Affairs (DFA) as an example of good practice in the standards and guidelines category. By upholding its guideline on human rights, Swisscom is supporting the implementation of the UN Guiding Principles on Business and Human Rights and in particular the National Action Plan for Business and Human Rights.
☺ See **www.swisscom.ch/humanrights**

Practices in relation to copyright laws

Copyright is governed by the collective employment agreement. Employees assign any copyright and associated protective rights (in particular rights to software) and all shared rights to Swisscom if these rights arose in the course of their employment at Swisscom. This applies specifically to everything accomplished by employees, whether individually or in collaboration with others, while employed by Swisscom. In the event that Swisscom has no interest in the rights transferred to it, the employee's right to make use of them may be reverted to them by contract.

When using free and open source software (FOSS) to develop software, Swisscom protects the copyright of third parties by adhering to the required FOSS licensing terms. Its use is regulated in the existing Group directives. For Swisscom software launched on other national markets, FOSS licence compliance must be checked and verified by the internal FOSS Compliance Service explicitly.

Swisscom security

Swisscom makes the networked world more secure by placing the needs of its employees, customers and partners at the heart of all its security considerations and ensuring security with clear and simple measures. Through comprehensive infrastructure and in-depth expertise, Swisscom offers the best possible protection for employees, customers, partners and its own company on a daily basis. Swisscom creates an effective internal security culture through training and awareness campaigns for its staff.

Increasing digitisation and growing dynamism are increasing the importance of security. Swisscom uses the issue of security to further differentiate its brand from those of its competitors and to open up new growth areas. For that reason, it offers its customers security solutions, products and services that are as progressive as possible.

Swisscom is known as a responsible employer in the security domain. It offers its employees exciting work and versatile development opportunities.
☺ See **www.swisscom.ch/datasecurity**

Fraud management

Swisscom works to actively counter risks of fraud and thereby prevent losses. It draws on its customers' and its own experiences of fraud cases. Cases of fraud are externally driven events which cannot be influenced directly, but can be prevented extremely effectively by implementing detection and prevention measures.

Swisscom applies the following definition of fraud: fraud covers all actions aimed at fraudulently falsifying facts, avoiding costs or directly or indirectly gaining enrichment in an unlawful manner. This Swisscom definition is oriented to fraud in the area of telecommunications. The combination of detection and prevention measures as well as the use of appropriate means (tools and personnel)

- depicts the risks of fraud in a transparent manner;
- prevents cases of fraud;
- reveals fraud cases quickly, enabling security loopholes to be closed;
- reduces costs since resources are not burdened with exceptional tasks;
- reduces financial losses and enables the recovery of misappropriated assets;
- strengthens the reputation of Swisscom and allows Swisscom to gain or increase customer confidence.

Responsibility towards the public

Throughout its history, Swisscom has had close ties with Switzerland and the local population. Its commitment to the country and its people is therefore a matter of tradition.

Swisscom's commitment

Swisscom is active on European, national and regional levels. On its own or in partnership with others, it supports activities that contribute to social cohesion, the digitisation of society and the common good. There are three areas in which Swisscom focuses its activities: public affairs, projects carried out as part of its corporate responsibility, and support for public events through sponsoring. In particular, it focuses on sporting and cultural events intended for a wide audience. Swisscom's sponsoring activities are therefore spread across all regions of Switzerland and aimed at a wide range of stakeholder groups.

Memberships and partnerships

Swisscom works with various partners in projects on issues relating to its six strategic priorities. It also seeks to work with suitable partners at both a national and an international level. In choosing its partnerships and memberships, Swisscom attempts to ensure that the institutions concerned serve as an ideal complement to the company in terms of their professional competence and thus make a significant contribution to the achievement of the Swisscom strategy. They must also share Swisscom's values and have an excellent reputation and a high level of credibility in their area of activity.

☺ See **www.swisscom.ch/cr-partnerships**

Public affairs

Swisscom Public Affairs maintains contact with the European Telecommunications Network Operators' Association (ETNO), national politicians, authorities, associations and all regions of Switzerland. The team members are organised locally. First and foremost, they provide information on infrastructural issues, on the necessary framework conditions in accordance with the corporate strategy and on Swisscom's commitment. However, they also receive requests from stakeholder groups and the general public.

Actor in public debates

As a responsible "corporate citizen", Swisscom actively participated in public discussions on the following issues during the year under review:

- Education policy: Swisscom provides ICT training places, promotes Switzerland as an ICT location, supports schools in the area of youth media protection and is continuing to develop the Internet for Schools project. It also supports the Digital Switzerland initiative, which hosted Digital Day 2018, among other things.
- Digitisation: through the switch to All IP, Swisscom is putting in place the technical requirements for digitising communication and ensuring the competitiveness of Swiss business. All IP transfers all services such as voice telephony, TV, Internet and data to Internet Protocol (IP) technology.
- Broadband expansion: the majority of the Swiss population should have access to increased bandwidths by the end of 2021. Swisscom is thus providing a solid basis for digitisation and for ensuring Switzerland's future as a business centre.
- Basic service provision: Swisscom was the only provider to apply for the universal service licence, which it was granted by ComCom. The new licence came into effect on 1 January 2018 and will run until 31 December 2022. As part of this universal service, as of 1 January 2018 the Federal Council increased the minimum download speed for Internet access from the previous 2 Mbps to 3 Mbps. Swisscom will also extend universal services for people with health issues.
- Customer friendliness: Swisscom is continually improving its customer information systems, for example with services such as Swisscom Cockpit for Swisscom customers who are travelling abroad.
- Sustainability: Swisscom is involved in a variety of projects concerned with the energy transition, such as the Work Smart Initiative and the tiko product.

The expansion of the 5G network, the fifth generation of mobile communications, was a key topic for Swisscom in 2018 – and will continue to be so in the years ahead. 5G makes smart cities, networked factories and intelligent houses technically feasible, unites diverse technologies and lays the groundwork for a digital Switzerland. If Switzerland is to remain a pioneer in the use of new technologies, the framework conditions for areas such as non-ionising radiation (NIS-V), assessment methods for radiation

from antennas and building regulations need to be amended (i.e. liberalised). Swisscom raises these concerns to politicians and authorities both directly and via the industry association asut (Swiss Telecommunications Association). The administration has announced that it will introduce a minor amendment to the ordinance in spring 2019. In this context, the allocation of new frequencies required for the construction of the 5G networks at the start of 2019 is also of great importance for Swisscom. Swisscom will be a bidder at the planned auction. It will demand that the frequencies auctioned should subsequently be capable of being quickly put to use.

During the year under review, as in the previous financial year, Swisscom submitted numerous statements as part of consultations at federal level. Among other things, it submitted an opinion as part of the consultation process on the new Federal Act on Electronic Media (EMA). The EMA is intended to replace the current Radio and Television Act (RTA). Swisscom welcomes the fundamental thrust of the revision.

It has taken part in (specialist) hearings of the parliamentary advisory committees: for example, hearings on the revision of the Federal Act on Public Procurement (PPA) and the Telecommunications Act (TCA). Swisscom also spoke at the conference of the cantonal directors of economic affairs on optical fibre expansion in the cantons.

Swisscom's position is based on the principles of self-regulation and competition in an open marketplace. Numerous attractive new customer offers and large investments made in network expansion in the year under review underscore this principle.
☺ See **www.admin.ch**

To ensure interests are appropriately represented, Swisscom follows a solution-oriented approach, both for the common good and in the interests of the company. The positions Swisscom takes are based on clear facts. Swisscom is committed to maintaining transparent and trusting relationships with politicians, public authorities and the community. It participates in public hearings and events and plays its part in the political process by issuing written statements. In line with our own anti-corruption directive and based on the relevant ethical codes (the Code of Lisbon and the Code of Professional Conduct of the Swiss Public Affairs Society, SPAG), Swisscom rejects unlawful or ethically questionable practices aimed at exerting influence on opinion leaders and decision-makers. Moreover, Swisscom is a non-denominational, politically neutral organisation and does not support any political parties, opinion leaders or decision-makers financially.

Accessibility

Swisscom wants to offer all people living in Switzerland the opportunity to get the very best out of communications tools. To this end, the company is making substantial contributions to integrating people with disabilities into the information society. The accessibility of products and services is important for Swisscom for two reasons: firstly, Swisscom fulfils its obligations under the Disability Discrimination Act (DDA), which requires companies to offer accessible products. Secondly, other customers also benefit from accessible products and services. For Swisscom, however, accessibility is no mere legal requirement or economic issue; it is a service that it offers its customers purposefully and with conviction. Since 2018, Swisscom has pursued a strategy of improving access to enable all users to access Swisscom products. This access strategy applies to all Swisscom divisions. In the long term, accessibility is to be incorporated into the company's day-to-day business and thus become an integral part of product design. Swisscom is taking the following measures to achieve this objective: appointment of SPoCs (single points of contact), regular meetings of the SPoCs and the teams, workshops for further training and awareness-raising, regular testing of the accessibility of products and publication of the internal guidelines (Swisscom Accessibility Guidelines). Swisscom introduced its access improvement strategy in 2018. It is therefore premature to evaluate the measures and their effectiveness. Swisscom plans to have the measures evaluated in the medium term within the framework of the national Accessibility Study published every five years by the specialist organisation Access for all. Swisscom will then be required to implement the access improvement strategy and ensure that it is effective and sustainable over the following two years. Swisscom hopes that its rating in the next Accessibility Study will be significantly higher.

- **Accessible services and products:** the Swisscom Shops fulfil strict criteria to ensure that they are accessible to people with disabilities. In addition, the employees of the shops and call centres are called upon to establish what special needs a customer with a particular handicap has. Procap Switzerland therefore offers Swisscom employees training in "accessibility". In addition, Swisscom is continuously improving the accessibility of its shops and call centres. It endeavours to offer those with hearing and visual impairments attractive devices and updates its range of devices and services. Examples of this are telephones (IP devices or mobile devices) adapted to the needs of the visually impaired or elderly, or the many ways in which customer service can be contacted. Those whose physical disabilities mean that they cannot use the telephone directory are entitled to call 1145 at no additional cost. Swisscom provides this service voluntarily as part of its basic service

provision. People with a hearing impairment can take advantage of a transcription service that enables telephone conversations between people with a hearing impairment and hearing people. This service, which is offered in collaboration with the Procom Foundation, also forms part of the basic service provision and is free. Swisscom also supports the Apfelschule, which teaches blind or visually impaired people how to use a smartphone. Every Swisscom customer who wishes to take such a course receives a voucher from Swisscom worth CHF 50. All the products and services mentioned are evaluated by various partner associations and organisations. As these associations and organisations are in direct contact with people with disabilities, the usefulness and quality of the products and services are guaranteed.

- **Access to the Internet and applications:** Swisscom will continue to guarantee the accessibility of its websites and applications. By creating new versions and updates, Swisscom has already implemented important requirements for the creation of accessible web content in accordance with the Web Content Accessibility Guidelines WCAG 2.0.
- **Offers for people with limited financial resources:** Swisscom provides three different offers to support people with limited financial resources. Young people under the age of 26 can benefit from a reduced price plan. For young people under 18, a credit limit applies to their subscriptions. For children and young people aged 7 to 18, Swisscom also offers a prepaid subscription.

Energy efficiency and climate protection

In keeping with the Swiss Confederation's 2050 energy strategy, Swisscom is aiming to increase its energy efficiency by 35% by the end of 2020 as compared with 1 January 2016. Together with its customers, it is also aiming to save twice as much CO_2 as it emits throughout the entire company including the supply chain by 2020. In autumn 2018, it set its targets for 2025.

Management approach

In view of the national and international climate situation, the issues of climate change and energy efficiency are particularly important for Swisscom as a major consumer of energy as well as for its stakeholder groups. The climate scenarios for Switzerland published in November 2018 give an idea of the possible consequences of climate change in Switzerland. The scenarios presented, which were put together by the National Centre for Climate Services (NCCS), cannot be ignored. Climate change and energy efficiency are therefore at the heart of Swisscom's sustainability strategy.

The Swiss people adopted the Energy Act (EnA) in a referendum in May 2017. Together with the CO_2 Act as the foundation of the Confederation's energy and climate strategy for 2050, the EnA defines the framework for Swisscom's business activities. Swisscom is paying particular attention to increasing its own energy efficiency and climate protection. With that in mind, it has set itself two goals:

Goal 7
AFFORDABLE AND CLEAN ENERGY

- **Increased efficiency:** Swisscom has determined its energy requirements until 2020 and plans to increase its energy efficiency 35% by the end of 2020 compared to 2016. Based on current scenarios, in autumn 2018 Swisscom also determined its energy requirements to the end of 2025. Thanks to newly implemented measures and technical improvements, it intends to increase its energy efficiency by a further 24% over the next eight years.

Goal 13
CLIMATE ACTION

- **Climate protection:** Swisscom aims to work together with its customers to save twice as much CO_2 as it emits throughout the entire company and

its supply chain by 2020. This undertaking has been summarised as the "2:1 target". Swisscom aims to achieve the 2:1 target by reducing emissions and by promoting and marketing its sustainable portfolio. Based on current scenarios, in autumn 2018 Swisscom also estimated the CO_2 emissions resulting from its energy requirements to the end of 2025. Swisscom is now striving to further reduce its CO_2 emissions.

Swisscom has agreed targets with various partners, in each case with the aim of increasing efficiency and reducing CO_2 emissions. The targets for energy consumption (energy efficiency) and CO_2 reduction (CO_2 intensity) are defined differently depending on the reference value with regard to the base year, the framework and the target achievement year. Swisscom has agreed targets with the Energy Agency for Industry (Energie-Agentur der Wirtschaft – EnAW), the "Exemplary Role of the Confederation in Energy" (ERCE) and the Science Based Target Initiative (SBTI). Swisscom already reported its emissions reduction in 2016 to the SBTI. The SBTI is a partnership between the Carbon Disclosure Project (CDP), the UN Global Compact initiative, WWF and the World Resources Institute (WRI). It classifies company reduction targets as "science-based" if they are in line with the level of reduction in CO_2 required to keep the global temperature increase below 2°C. Swisscom is also committed to reducing its Scope 1 emissions by 10%, Scope 2 emissions by 100% and Scope 3 emissions by 18% compared to 2013 by 2020. The SBTI recognised all Swisscom's reduction targets at the end of 2016.

☺ See **www.sciencebasedtargets.org**

Partnership	Target agreement	Start year January 1st	Target year Dec. 31st	Target
Swisscom	Ratio CO_2 savings achieved by customers to CO_2 emissions Swisscom	2016	2020	2:1
Swisscom	Energy efficiency (savings measures over total energy consumption, not weighted)	2016	2020	+35%
EnAW	Energy efficiency (savings measures over total energy consumption, not weighted)	2013	2022	+35%
EnAW	CO_2 intensity of heating fuels (CO_2 emissions as a proportion of total CO_2 emissions) and CO_2 savings)	2013	2022	92%
EnAW	CO_2 intensity of fuels (CO_2 emissions as a proportion of total CO_2 emissions) and CO_2 savings)	2013	2022	76%
VBE	Energy efficiency (savings measures over total energy consumption, not weighted)	2006	2020	+25%
SBTI	CO_2 Reduction Scope 1	2013	2020	-10%
SBTI	CO_2 Reduction Scope 2	2013	2020	-100%
SBTI	CO_2 Reduction Scope 3	2013	2020	-18%

Efficiency increase in Switzerland since 1.1.2016 and forecasts

in %
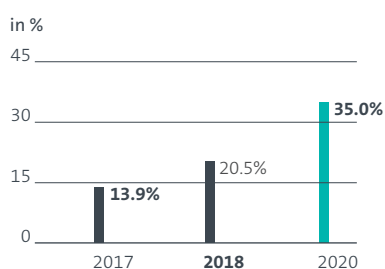
Ratio CO_2 reductions to CO_2 emissions
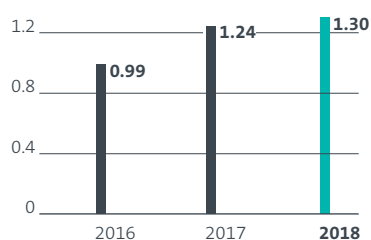
Additional details about further environmental aspects that Swisscom takes into account in operations can be found at the end of this section. The environment and purchasing policies form the basis of sustainable resource usage for Swisscom. The management approaches employed by Swisscom to increase energy efficiency and combat climate change fundamentally consist of its environmental management system and associated specific approaches. Management norms, standards and internal directives allow the planned saving and efficiency measures to be systematically implemented. Swisscom subsidiaries with operations that are of significant environmental importance are ISO-14001-certified. These are Swisscom (Switzerland) Ltd, Swisscom Broadcast Ltd and cablex Ltd, which are also certified to ISO 9001. The Italian subsidiary Fastweb S.p.A. is also ISO-14001-certified. The management systems and processes certified to ISO 14001 include – with regard to the number of employees – more than 94.2% of the Swisscom Group (including Fastweb; prior year: 94.3%). The environmental management system and its efficiency are subject to an annual external audit.

Energy efficiency: energy consumption and savings at Swisscom

The target: by 2020, Swisscom plans to increase its energy efficiency by a further 35% compared to 1 January 2016.

Energy consumption as the main environmental impact factor

The periodic analysis of environmental impacts by Swisscom shows that energy consumption still has the biggest impact on the environment. Energy consumption and the related CO_2 emissions primarily affect the climate. Swisscom is committed to boosting its energy efficiency, using renewable energies and launching improved products in order to minimise the environmental and climatic impact of its business activities. In addition to the network infrastructure described in the Management Commentary, Swisscom directly owns or operates a substantial real estate portfolio. This includes offices, operation buildings, shops, local exchanges and data centres. Swisscom does not operate any warehouses or distribution centres, but does maintain a fleet of company and commercial vehicles.

Total energy consumption Swisscom

in GWh
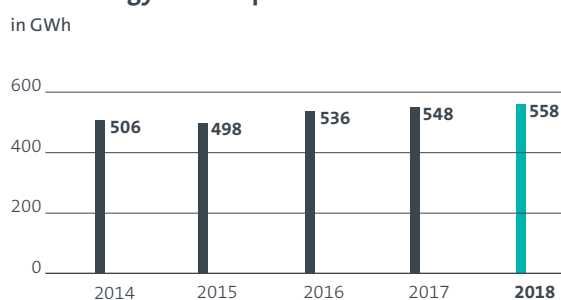
Energy management at Swisscom

Energy management at Swisscom aims to reduce costs, enhance efficiency and keep the company's direct and indirect ecological footprint to a minimum. In line with ISO Standard 50001 on energy efficiency,

it consists of the following process steps (simplified representation):

- Determining energy requirements over a specific period of time
- Defining and approving energy efficiency targets and corresponding measures
- Determining the energy mix, particularly the electricity mix
- Implementing energy efficiency measures
- Generating electricity
- Using waste heat
- Monitoring, energy balancing and reporting
- Implementing research and development projects (e.g. relating to balancing energy) and virtual power plants (tiko)
- Developing and marketing sustainable ICT products and services

Consumption of electricity from renewable sources and eco-electricity (electricity mix)

Swisscom's electrical energy consumption in Switzerland amounted to 485 GWh in 2018 (prior year: 468 GWh). This constitutes an increase of 3.8% (prior year: 4.4%). The company was able to compensate for a proportion of the additional energy consumption attributable to network expansion through efficiency measures. Swisscom primarily consumes hydroelectricity as well as solar power, which it either produces itself (0.5%) or purchases (4.1%). In 2018, Swisscom purchased 20.0GWh (prior year: 20.0 GWh) of green electricity with the "naturemade star" seal of approval. Swisscom offsets the proportion of nuclear power, electricity of unknown origin and electricity from fossil fuels in its electricity mix used for its network infrastructure and the businesses it manages by purchasing certifications of origin. It thus increases the sustainability of its electricity mix. The proportion of renewable energy used by Swisscom in 2018, as in previous years, was again 100%, a claim that was verified by the SGS.

Efficiency measures for the electricity consumption of networks

Swisscom is continuously implementing an efficiency programme consisting of approximately ten measures. Thanks to improved technology and the energy-efficient design of the wireless networks, this programme enabled energy savings of around 10.6 GWh in 2018.

The remote radio units (RRUs) account for a significant proportion of this saving. They are mounted directly onto the mobile network masts and consume up to 40% less energy than conventional radio units.

Thanks to the ecological ventilation system Mistral, Swisscom cools its buildings using fresh air. Mistral 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.

In the year under review, Swisscom cooled an additional 68 mobile base stations using fresh air, It has installed a cooling module that enables the base stations to be quickly converted, saving a further 0.6 GWh per year.

Efficiency measures for electricity consumption in data centres

Swisscom achieved an average PUE (power usage effectiveness) value of 1.37 across all of its data centres in 2018 (prior year: 1.40). The PUE value represents the ratio of total power consumed by the data centre to the power consumed by the IT systems running there. The data centre in Berne Wankdorf is particularly energy-efficient. It achieved a PUE value of 1.285 in 2018, the planned target value being 1.2.

Swisscom continues to focus on the use of shared servers in its data centres. This server virtualisation requires less IT infrastructure than before and has enabled additional savings of 21.5 GWh in 2018 (prior year: 7.5 GWh).

Efficiency measures for electricity consumption in buildings

During the year under review, Facility Management carried out energy checks throughout Switzerland in accordance with the established internal Pioneer standard. In 2018, these checks helped optimise the operating conditions of 90 buildings, saving 196 MWh of energy, 94% as a result of lighting measures alone.

Swisscom is committed to modernising existing, inefficient lighting. In the reporting year, for example, it retrofitted all Swisscom logos to LED. This not only reduces its energy consumption, but also improves the quality of its lighting. These measures alone generate annual energy savings of 388 MWh.

Efficiency measures for fuel consumption, heat and CO_2 reduction

Swisscom measures the consumption of heating oil, natural gas, district heating and now water on a monthly basis in the largest 120. Together, these buildings account for more than half of the company's total floorspace. Swisscom then extrapolates these figures to calculate the overall annual consumption.

During the year under review, Swisscom consumed 134.8 terajoules (40.9 GWh) of fuel to heat its buildings (prior year: 45.1 GWh). The company's fossil fuel-based heating mix comprises 51% heating oil, 20% natural gas, 28% district heating and, now, 1% biomass (wood). Over the past five years, Swisscom has reduced the heat coefficient per m² in its buildings included in the benchmark by 11%. While this resulted in a reduction in CO_2 emissions, the reduction is not always proportional because the energy mix

changes each year. The saving is also attributable in large part to the low amount of heating degree day (HDD).

Swisscom intends to further reduce the amount of energy it uses to heat its buildings. In pursuit of this goal, it systematically continued to implement operational optimisations in 2018 which reduced the energy consumption and CO_2 emissions involved in heating buildings. A detailed energy monitoring system provided the data set for the energy analysis and uncovered instances of disproportionately high energy consumption. Swisscom also implemented several eco-relevant building projects in 2018. As evidenced by an internal report, this let the company save 159 MWh of energy and reduce its CO_2 emissions by 28 tonnes.

The energy checks also helped reduce CO_2 emissions by 22.0 tonnes (prior year: 43 tonnes).

Since 2018, Swisscom has been systematically replacing fossil fuel-fired heating systems in renovation projects and now generates most of its heat from heat pumps and biomass (wood). In 2018 Swisscom renovated 14 heating systems throughout Switzerland and for the first time completely replaced them with systems that emit no CO_2. This was the consequence of the cost comparison introduced in 2017, which details and makes transparent the energy and CO_2 costs of possible heating variants using a TCO analysis procedure (Total Cost of Ownership). Swisscom has set the CO_2 price as a shadow price of CHF 96 per tonne, which corresponds to the national CO_2 tax set out in the CO_2 Act.

The changeover in the generation of heat is expected to lead to a total reduction of 132 tonnes of CO_2 from the 2018/2019 heating period onwards.

Efficiency measures in fuel consumption, mobility and CO_2 reduction

The ability to provide first-class customer service and expand the network infrastructure depends on the seamless and needs-oriented mobility of staff. In 2018, the vehicles in Swisscom's fleet covered a total of 53.4 million kilometres (prior year: 54.9 million kilometres) in the service of customers (i.e. not including private trips), which corresponds to a fuel consumption of 127.8 terajoules (35.5 GWh; prior year: 128.0 terajoules or 35.5 GWh). As a result, fuel consumption decreased by -0.13% year-on-year (prior year: -9.2%). Thanks to a sustainable deployment strategy and a modern fleet, the average CO_2 emissions per car are to be reduced from 113 g CO_2 for each kilometre travelled (2015) to 95 g CO_2 by the end of 2020. For its procurement of vehicles Swisscom relies on models with optimum energy efficiency and is examining the use of alternative propulsion technologies. Swisscom is conducting a pilot project to examine an overall concept for the electromobility of passenger and commercial vehicles, which includes

battery chargers and parking spaces management. In accordance with the New European Driving Cycle (NEDC), CO_2 emissions from vehicles in the Swisscom fleet according to manufacturer's information averaged 104 g CO_2/km, as of the end of 2018, with 96% of the fleet classified in energy efficiency categories A and B. Swisscom also operates a fleet of 503 (-0.6%) hybrid vehicles, 17 (-34.6%) vehicles powered by natural gas and 1 (-83.3%) electric vehicles, which replace petrol cars – and, in particular, diesel cars – wherever possible. All electrical vehicles are recharged in Swisscom buildings and garages using electricity generated from renewable energy sources. In 2018, Swisscom employees used 126,105 (6.8%) rail tickets for business travel and were issued with 7,427 (-33.2%) half-fare cards and 2,686 (-12.1%) GA travelcards.

Generating electricity

For more than ten years, Swisscom has been generating and using its own electricity. It sees this as an important contribution to a sustainable energy policy. Swisscom systematically considers the construction of a solar installation whenever it renovates a roof in one of its operational premises. Provided such a facility is deemed economically viable, the option is then implemented.

Swisscom commissioned an additional three solar installations at transmitter stations (189 kWp) or at operation buildings (14 kWp) in 2018. The total output of all of Swisscom's solar installations is 2,205 kWp. Swisscom intends to continue its electricity generation programme in the coming years. It has set itself the target of achieving an installed output of more than 3,000 kWp by 2023 and fully utilising its estimated potential of 3,500 MWh at its own locations.

Utilising waste heat

In certain buildings, Swisscom meets its heating requirements in full by utilising waste heat from its operations rooms. A heat pump installed in the Swisscom operation building in Zurich Herdern in 2015, for example, supplies the heating energy needed for the entire building. This enables Swisscom to save around 900 tonnes of CO_2 a year, which corresponds to 9% of the total CO_2 emissions attributable to Swisscom's heating needs. In addition, Swisscom has agreements to supply waste heat from its operation buildings or data centres to district heating associations or neighbouring areas. Specifically, it feeds waste heat into the district heating system in Zurich Herdern, Zurich Binz, St. Gallen and Berne Wankdorf to directly heat residential and office buildings in the neighbouring areas. This enabled Swisscom to supply 8.4 GWh of thermal energy to the neighbouring areas as district heating in 2018 (prior year: 8.9 GWh). This measure saved 840,000 litres of heating oil (prior year: 890,000 litres) and avoided the CO_2 emissions that would have been generated.

Efficiency gains through sustainable ICT services at Swisscom

Swisscom not only encourages its customers to use sustainable ICT, but also uses the solutions itself:

- **Virtual conferences:** 33 Swisscom sites are equipped with the Telepresence virtual videoconferencing solution, including Fastweb in Italy.

Goal 13
CLIMATE ACTION

- **Work Smart:** videoconferencing and desktop sharing make it easy for Swisscom employees to collaborate with their colleagues, enabling them to complete some of their work from home or on the move. Collaboration platforms also offer a simple means of accessing knowledge. The launch of the Work Smart initiative has further embedded new working methods within the company, and Swisscom shares its experience with other companies. A management guideline provides managers with useful tips on how to manage new working methods.
- **Smart buildings:** applications in the field of the Internet of Things (IoT) allow buildings or transport systems to be operated more efficiently than before.

Achievement of efficiency targets

- **Overall impact of efficiency measures at Swisscom:** Swisscom's energy consumption (electricity, heating fuels and vehicle fuel) in Switzerland amounted to 558 GWh in 2018 (prior year: 548 GWh). Without the efficiency measures implemented since 1 January 2016, Swisscom would currently consume an additional 109 GWh of energy per year. Total annual energy efficiency is calculated as the ratio of total energy used and energy saved to total energy consumption. Swisscom follows the definition of the Swiss Federal Office of Energy (SFOE) and the Federal Office for the Environment (FOEN) within the scope of the target agreement with the Energy Agency of the Swiss Private Sector (EnAW). The total energy efficiency for the year amounts to 6.8%, or 20.4% cumulatively since 1 January 2016. The efficiency targets are on track. Details can be found in the Climate Report.
- **Renewable energies:** Swisscom continues to use 100% renewable electricity and is thus meeting its target. Thanks to the use of renewable electricity and the decreasing consumption of fossil fuels, the share of renewable energy is 88%, calculated from renewable energy, biomass and the renewable proportion of district heating.

Energy intensity

Swisscom now reports on its energy intensity by energy use. The intensity of mobility amounts to 2.39 MJ/km, that of heating to 144 MJ/m². All intensities have steadily decreased over the past few years.

The 2:1 climate protection target in detail

The target: Swisscom aims to work together with its customers to save twice as much CO_2 as it emits throughout the entire company including the supply chain by 2020. This undertaking has been summarised as the "2:1 target". The broad outlines of this target and its contribution to climate protection are described here; further details are provided in the Climate Report.

The ratio of savings among customers to emissions improved slightly year-on-year (1.24) to end 2018 at 1.30.
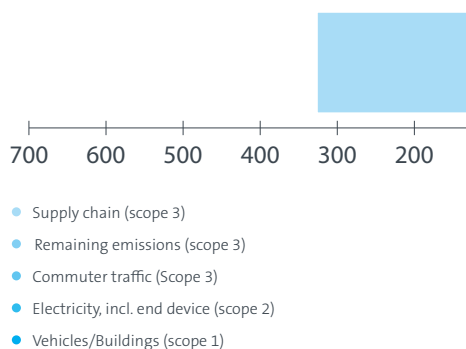
Climate change carries risks and affords opportunities

The following activities in particular contribute to climate protection: analysing the opportunities and risks climate change brings with it for Swisscom; drawing up a programme and implementing appropriate measures relating to the relevant issues; monitoring and reporting. The CR team is responsible for the coordination and management of these activities.

Swisscom is presented with opportunities to generate revenue in the set-up and development of a "green" – in other words, sustainable – portfolio of products and services. Such a portfolio both reduces CO_2 emissions directly in the company's own operations as well as indirectly in those of the customers and thus diminishes the risks. This section contains further information on this below. Swisscom applies the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Further details can be found in the "Climate protection" section of the Sustainability Report. The greenhouse gas inventory and the quantities pertaining to energy consumption, CO_2 emissions and the impact of savings and efficiency measures within the company and with customers are specified in Swisscom's externally verified Climate Report.
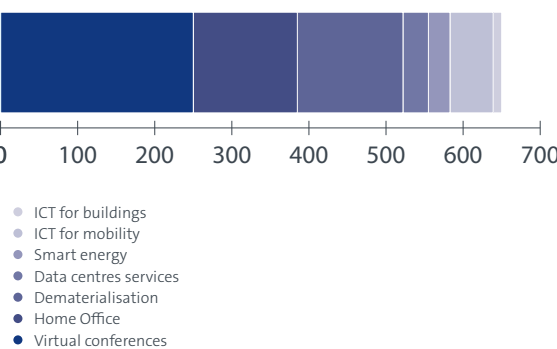
Operational caused CO$_2$ emissions 2020
in kt CO$_2$

Savings by the customers 2020
in kt CO$_2$

| 700 | 600 | 500 | 400 | 300 | 200 | 100 | 0 | 100 | 200 | 300 | 400 | 500 | 600 | 700 |

- Supply chain (scope 3)
- Remaining emissions (scope 3)
- Commuter traffic (Scope 3)
- Electricity, incl. end device (scope 2)
- Vehicles/Buildings (scope 1)

Status 2017: 401 kt CO$_2$ eq
Status 2018: 437 kt CO$_2$ eq

- ICT for buildings
- ICT for mobility
- Smart energy
- Data centres services
- Dematerialisation
- Home Office
- Virtual conferences

Status 2017: 503 kt CO$_2$ eq
Status 2018: 569 kt CO$_2$ eq

Portfolio: offers for CO$_2$ savings

The ICT sector has a key role to play in reducing CO$_2$ emissions. A study conducted by the Global e-Sustainability Initiative found that the ICT sector has the potential to reduce CO$_2$ emissions worldwide by some 16%. This potential reduction corresponds to around seven times the amount of CO$_2$ emissions produced by the sector itself.

A study commissioned by the WWF and conducted by the University of Zurich in 2017 proves that ICT has the potential to eliminate up to 3 times more greenhouse gas emissions by 2025 in Switzerland than will be generated in total by ICT devices and infrastructures through their production, operation and disposal combined. Emissions from ICT are mainly the result of the manufacture of devices. Heavy devices such as desktop PCs play a particularly large role in increasing emissions from the ICT sector, although the energy used in the manufacture of smaller devices, such as smartphones and laptops, also determines their carbon footprint to a considerable degree. Extending the life cycle of ICT equipment is therefore considered to be of great importance.

Swisscom invests a lot of effort in structuring its offerings in a more energy-efficient and resource-friendly manner, and offers products and services that support customers in reducing their CO$_2$ emissions, saving energy and improving the work-life balance of their employees.

ICT solutions contribute to reducing CO$_2$ emissions in day-to-day work. For example, virtual conferences allow companies to cut down on business travel, and communications solutions allow employees to work from home. Furthermore, the optimisation of vehicle fleets, the use of energy-efficient services from data centres and the intelligent control of office buildings, equipment and power networks can all make a valuable contribution towards reducing CO$_2$ emissions.

Private households reduce CO$_2$ emissions when they replace physical media such as CDs, DVDs and magazines with digital products. Online shopping eliminates the need to make trips to brick-and-mortar stores and reduces the energy required to maintain sales outlets.

☺ See **www.swisscom.ch/greenict**

Sustainable ICT services for business customers

Sustainable ICT services from Swisscom help business customers, such as companies and public administrations, in their efforts to reduce their energy consumption and CO$_2$ emissions. Swisscom has set itself the target of constantly expanding its sustainable portfolio. It provides some of the necessary solutions itself, while other solutions are offered by SMEs or start-ups on the basis of Swisscom's technical infrastructure. One of these that needs to be mentioned is the low power network (LPN), which has become the backbone for many new services in the area of the Internet of Things throughout Switzerland since 2016.

Goal 11
SUSTAINABLE CITIES AND COMMUNITIES

Sustainable ICT services are currently available in the following areas:

- **ICT solutions for buildings:** optimising energy consumption, CO$_2$ reduction and production of balancing energy through intelligent control of heating systems, boilers, solar installations and batteries
- **ICT solutions for mobility:** optimising and managing mobility through intelligent solutions to control logistics systems. For example, networked waste containers optimise collection routes within city limits. In addition, tools that map traffic flows on the basis of anonymised customer data improve

urban traffic planning. Swisscom has already laid the foundations for this in several Swiss cities.

Goal 12
RESPONSIBLE CONSUMPTION AND PRODUCTION

- **Data centre services:** outsourcing and virtualising servers in efficient data centres in order to optimise energy consumption
- **Dematerialisation:** reducing the use of paper through solutions for paper-saving printing and working without paper
- **Working from home:** solutions for working from home or on the move to reduce business travel
- **Virtual conferences:** solutions for efficient workplaces to reduce business travel

In the year under review, Swisscom distinguished 45 sustainable ICT services with the "Together we can increase sustainability" label introduced in 2015.

The label designates sustainable products and services that help companies save energy and resources or improve the work-life balance and satisfaction of their employees. A list of the relevant products can be found on the Internet.
☺ See **www.swisscom.ch/greenict**

Sustainable ICT services for residential customers

The residential customer segment of Swisscom Switzerland further developed its range of Green ICT services for residential customers during the year under review. In so doing, Swisscom aims to continuously optimise its services from an ecological point of view (e.g. in terms of radiation and energy efficiency) and provide its residential customers with transparent information.

Goal 7
AFFORDABLE AND CLEAN ENERGY

During the year under review, this programme boasted the following successes:

- **Smart energy:** the subsidiary tiko Energy Solutions AG provides the tiko power, tiko sun and tiko storage services. tiko power allows residential customers to control their heat pumps, electric heating systems and boilers remotely and immediately alerts them in the event of any problems. In addition, tiko power compares the energy efficiency of heating systems in homes and offices. The service aims to recover balancing energy within the Swiss energy market that can be used to offset fluctuations in demand by creating the largest possible pool of heat pumps and electric heating systems.

Goal 11
SUSTAINABLE CITIES AND COMMUNITIES

This pool allows significantly more renewable energy from energy sources such as wind and sun to be incorporated in the power supply and, in doing so, stabilise the Swiss power network. tiko sun increases the consumption of self-produced energy from the customer's own photovoltaic system. by putting heat pumps or boilers into operation as soon as solar power is produced. tiko storage further increases the share of self-produced energy consumed by temporarily storing electricity from the solar installation in an environmentally friendly battery from German company sonnen GmbH. Customers are remunerated if they make the system available for the production of balancing energy. The tiko products thereby take some of the strain off the network and, at the same time, produce balancing energy.
☺ See **www.tiko.ch**

- **Data centre services:** the Docsafe document management system enables Swisscom residential customers to securely store all their documents in their own personal cloud on Swiss-based servers. The documents can then be managed, accessed from anywhere in the world and shared in encrypted format via computer, tablet or mobile phone.
- **Dematerialisation thanks to online billing:** online bills are a smart and environmentally friendly alternative to paper bills. The percentage of customers who opted to receive their bills online rose from 37% in 2017 to 39.0% as of the end of 2018. In its communications with customers, Swisscom alludes to the fact that online billing not only benefits the environment, but also saves the customer time and money.
☺ See **www.swisscom.ch/billonline**

Energy consumption and emissions by customers and the initiative to reduce them thanks to improved devices

Life-cycle assessments produced by Swisscom in recent years have identified the following three aspects as the main environmental impact factors for networks and devices:

- **Energy use** by devices through customer use
- **Energy consumption** by the production of the devices
- **Electrical energy consumption** by network elements

The energy consumed by customer devices can be extrapolated to 299,000 MWh based on the devices, the energy consumption of each device and the typical usage profiles. Swisscom makes its customers aware of the many options available for reducing energy consumption, as well as offering concrete solutions:

- **Saving energy is so easy:** on the initiative of the Swiss Federal Office of Energy (SFOE), Swisscom

and other providers decided in 2013 to launch a joint information campaign. The aim is to optimise the energy consumption of devices such as modems, routers and TV set-top boxes by encouraging customers to use the correct settings. Swisscom is committed to supporting these transparency measures by continuing to inform its customers about energy consumption after the conclusion of the campaign and explaining energy-optimised settings on its website.

☺ See **www.swisscom.ch/greenict**

- **Swisscom TV:** Swisscom TV 2.0 now stores recordings in the cloud, rather than on the set-top box itself. As a result, the box does not need a hard disk, which means that it consumes around 26 kWh per year. This value was again significantly improved compared to the prior year (36 kWh). This was due to improvements in the operating system. Swisscom has also provided Swisscom TV customers with detailed information on the most energy-efficient settings for their set-top box for day-to-day use and when they are on holiday. In 2017, Swisscom concluded the replacement of its customers' old TV boxes with the new, cloud-based TV box. By the end of 2018, Swisscom had persuaded 1,519 million customers to sign up to Swisscom TV. Swisscom TV is thus recording steady growth. Despite customer growth of 50% since 2013, customers' total electricity consumption has fallen from 80 GWh to 61 GWh in the same period, thanks to the constant efficiency improvements to the box and the software/operating system.
- **Internet-Box:** the current Internet-Box 2 offers several energy-saving features. One is a time switch allowing users to set times during which the Wi-Fi, central storage or telephony (DECT) functions are switched off. Furthermore, the Internet-Box 2 means fewer devices are used in the home network. This is because the box replaces the multiple devices that used to be required to connect computers, TVs and HD fixed-line telephony, thereby significantly reducing energy consumption.

☺ See **www.swisscom.ch/greenict**

- **Ecomode plus:** cordless phones with Ecomode plus emit minimal levels of radiation. Almost all of the cordless phones sold by Swisscom are now models with Ecomode plus.

Carbon footprint

Swisscom maintains a greenhouse gas inventory, publishes its emissions in a Climate Report according to recognised standards (ISO 14064) and has these verified externally. In accordance with the Greenhouse Gas Protocol (GHG), the company classifies its CO_2 emissions as Scope 1 (direct emissions resulting from burning fossil fuels for heating and mobility or from refrigerants), Scope 2 (indirect emissions caused by purchased energies) and Scope 3 (all other indirect CO_2 emissions, e.g. those in the supply chain).

- **Scope 1 emissions:** Direct consumption of fossil fuels accounted for 11% of Swisscom's total direct energy consumption in 2018 (prior year: 13%). Scope 1 CO_2-equivalent emissions from fossil fuels have fallen continually since 1 January 2010 and totalled 16,171 tonnes of CO_2-equivalent in 2018, without adjustment for the number of heating days. Vehicle fuel accounted for 59% of this, and heating fuel for 41%. In addition, emissions from refrigerants included under Scope 1 were 118 tonnes (prior year: 352 tonnes). Swisscom does not include emissions from SF_6 losses in electrical transformers and stations as it does not control these systems. The additional reduction in direct emissions (Scope 1) is due to building optimisations and the replacement of fossil fuels by heat pumps, biomass and the increased use of waste heat.

Swisscom direct CO_2 emissions (Scope 1)
in thousand tonnes
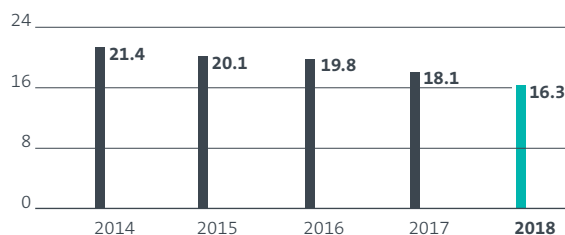
- **Scope 2 emissions:** Swisscom presents its Scope 2 emissions before and after offsetting. The CO_2-equivalent emissions from electrical energy consumption before offsetting amounted to 58,168 tonnes of CO_2-equivalent in 2018 (location-based approach) or 0 tonnes of CO_2-equivalent after offsetting with market instruments (i.e. certificates; market-based approach). Under Scope 2, then, Swisscom did not emit any CO_2 as a result of electricity consumption in 2018, but had a share of 1,052 tonnes of CO_2-equivalent from district heating. Emissions according to Scope 2 are attributable exclusively to district heating, for which a compensation plan is in development.
- **Scope 3 emissions:** Swisscom determined its greenhouse gas emissions in accordance with the categories of Scope 3. The following categories were excluded: processing of sold products (category 10), downstream-leased assets (category 13) and franchises (category 14). These categories are not relevant, as in 2018 Swisscom did not manufacture any products, did not operate any distribution centres (downstream leased assets) and did not operate any franchises. Swisscom's Scope 3 CO_2 emissions amounted to 425,093 tonnes (prior year: 386,265 tonnes). CO_2 equivalent emissions in the supply chain for the categories purchased goods and services (category 1), capital goods (category 2) and transport and

distribution to distribution centres (category 4) amounted to 333,300 tonnes in 2018. They accounted for the lion's share of Scope 3 emissions. Indirect emissions under Scope 3 are more difficult to control. The rise in these emissions is due to the slight increase in the volume of equipment and facilities purchased. Conversely, it was determined that new suppliers or suppliers included in the estimates for the first time exhibit high CO_2 intensity. Fastweb is classified under category 15 (4,943 tonnes of CO_2, is not incorporated 2:1 in the target calculation).

The Climate Report not only provides information on CO_2 emissions, but also on the effects of the reduction measures implemented within the company and the achievement of the target. It also calculates the CO_2 emissions that can be avoided by corporate customers and residential customers if they use sustainable ICT services certified by external partner myclimate. Finally, the Climate Report includes a balance sheet of CO_2 emissions and savings among customers.

Swisscom is also involved each year in the Carbon Disclosure Project (CDP). The information gathered through the CDP regarding emissions and Swisscom's commitment to climate protection can be viewed on the CDP platform. Swisscom was again listed on the Supplier and Climate A List (A-) and in the Carbon Disclosure Leadership Index (CDLI) in 2018.

⊕ See **www.cdp.net**

CO_2 intensity

Swisscom has continually reduced its CO_2 intensity in recent years. Intensity is calculated by the EnAW on the basis of the consumption statistics supplied annually by Swisscom. Compared to the reference year 2013, CO_2 intensity has decreased by 7% (most recent figure available: 2017).

Other environmental aspects in the company

It takes not only energy but also a multitude of materials to operate telecommunications networks.

Handling this efficiently is not only logical from an economic perspective, but also protects the environment and is therefore in line with Swisscom's value system. Swisscom endeavours to continuously refine the environmental compatibility of its operations and the conservation of natural resources.

Swisscom therefore pays attention to its ecological operation. As part of its environmental management system according to ISO 14001, it processes environmental aspects systematically and has significantly optimised its operation with regard to its ecological footprint. The annual review of target progress shows that further non-energy reduction targets or measures produce only relatively minor improvements. Swisscom therefore intends to reduce consumption via the other environmental aspects or at worst to limit it to the same level as in the previous year. It is also focusing increasingly on qualitative measures such as selecting, recycling and reusing materials. Further information on measures in other environmentally relevant areas can be found in the sections below.

Paper

Swisscom distinguishes between the deployment of short-life and long-life materials and is committed to reducing the environmental impact of short-life materials, in particular paper. Swisscom uses recycled paper with the "Blue Angel" environmental label in its offices. It also used this high-quality recycled paper for its new simple billing during the year under review. For advertising or print media, it uses only paper with the FSC (Forest Stewardship Council) label. The company has significantly reduced paper consumption by switching to bimonthly customer invoicing, simple billing and paperless online billing. For printouts at its offices, Swisscom has introduced "follow-me printing", which has helped to reduce paper consumption. It also uses 34 g/m[2] and 38 g/m[2] paper with the "Blue Angel" environmental label for telephone directories. 11% of telephone directories are printed in Switzerland. Paper consumption for telephone directories is on the decline as circulation is dropping.

In tonnes	Quality	2016	2017	2018
Paper				
Office (copiers, printers) (80 g/m[2] = 5 g/sheet)	Blue Angel [1]	92	76	69
Print media	FSC Label	2,209	2,011 [3]	1,710 [2]
Bills and envelopes (envelopes = 6 g/per envelope)	FSC Label	441.0	394.0	362
Phone directories	Blue Angel	2,414	1,963	1,567
Total paper consumption		5,156	4,444 [3]	3,708

1 75%
2 Derived from experience from previous year

3 770 tonnes of packaging included

Cables, optical fibres and telephone masts

In 2018, as in the previous year, Swisscom used the following materials in its fixed network: optical fibre, copper pairs and eco-friendly polyethylene piping. While copper is still used in the distribution network (close to the customer), it is increasingly being replaced by optical fibre elsewhere. However, the number of telephone masts is rising on the back of network expansion. The amount of copper used varies from year to year, as the table shows. The roll-out of Fibre to the Street and Fibre to the Home enables broadband usage of the current copper cable over the last few metres. No new large-wire copper cables are being installed in the trunk zone.

Swisscom introduced a new process for checking telephone masts in preventative maintenance 2015. This makes it possible to replace only defective telephone masts during renovation work. This process has radically reduced the number of telephone masts refurbished in preventative maintenance since 2015, as fewer masts were classified as rotten than in previous years. The number of telephone masts requiring refurbishment is, however, heavily dependent on the number of telephone masts subject to inspection each year as well as on environmental influences (storms, snow, etc.). Three partner companies guarantee these telephone masts are disposed of in an environmentally friendly way at the end of their life cycle. The biological process for treating masts in the ground, which was introduced in 2017, received the biennial EMPA Innovation Award in the year under review. The award-winning product, which is called Avengelus, consists of fungi of the species Trichoderma fungi and combats copper-resistant rot fungi in a natural manner.

in km, tonnes or number	Unit	2016	2017	2018
consumamble material				
Optical fibre	fkm [1]	1,202,362	1,140,233	1,318,293
Copper pairs	pkm [1]	62,637	53,970	54,750
Plastic pipes PE	km	492	428	395
Copper [2]	Tonnes	732	667	629
Plastic pipes PE [2]	Tonnes	438	389	355
Telephone poles (wood)	Number of items	3,515	4,754	6,585

1 Fibre- resp. pair km　　　　　　　　　　　　2 converted from plastic pipes, respectively copper pairs

Water

Swisscom projects its water consumption on the basis of monthly readings conducted in its largest buildings and multiplies this measurement by the average number of FTEs over the current year. The readings cover more than half of Swisscom's FTEs and are therefore representative. The daily average consumption in 2018 was 43.8 litres per FTE. Swisscom is increasingly focused on reducing its water consumption. As part of the process of operational optimisation (Pioneer project), it installed flow limiters in its existing buildings. During renovation work, it fits advanced valves with a reduced flow rate which reduce the daily consumption of water by 90% compared to traditional valves.

Water is used in just one business process, namely cooling, as well as in exceptional cases (such as on hot days). Swisscom uses dry or hybrid cooling to cool the return air in its data centres. In accordance with an internal directive, Swisscom must wherever possible use rain water or, if permitted, river / lake water for hybrid cooling. An anti-freeze agent (glycol) with a low environmental impact is added to the heat transfer medium during the winter. In the case of the data centre in Berne Wankdorf, the proportion of rain water used for cooling return air must be higher than 80%, and operation of the return air coolers using water may not exceed 15% of the total annual operating time.

Water used for cooling therefore accounts for significantly less than Swisscom's total water consumption. The cold rooms or refrigeration appliances are supplied with cooled water as the refrigerant, which circulates in a closed circuit and therefore involves no consumption.

Cooling systems and refrigerants

Wherever technically possible, Swisscom has replaced coolant-using compression cooling systems in its premises with the advanced Mistral cooling method. Mistral cools telecommunications equipment throughout the entire year using only fresh air and does not require any cooling agents whatsoever. Swisscom is increasingly cooling its transmitter and mobile base stations without the use of compression cooling systems. In collaboration with an external company, Mistral has installed a cooling module for the mobile base stations that allows a rapid, cost-effective conversion to cooling with fresh air. Swisscom now operates compression cooling systems with coolant only in data centres or in very densely packed centres, where the high heat load and the unfavourable room situation make cooling with fresh air more difficult. Swisscom regularly checks that there are no refrigerant leaks in its systems. The quantity of cooling agent emissions in the year under review were determined on the basis of a refill volume of 100 kg (prior year: 445 kg). They have a global warming potential (GWP) of 118 tonnes CO_2-equivalent (prior year: 352) and no ozone-depleting potential (ODP, 0 kg

R-11 equivalent). Swisscom requires the use of low-GWP cooling agents for the conversion or development of data centre cooling systems. These are characterised by a GWP value of less than 150, i.e. the global warming potential of 1 kg of refrigerant corresponds to less than 150 kg of CO_2. In 2015, Swisscom became the first company in Switzerland to install – at its operation building in Zurich Herdern – a heat pump using HFO-1234ze as its working fluid and in 2014, the first to use corresponding chillers for air conditioning purposes in its Olten factory building. This working fluid has a very low global warming potential (GWP = 6). Since then, Swisscom has been employing such systems as standard.

☺ See **www.swisscom.ch/climatereport2018**

Batteries and emergency power systems

Swisscom services must be available in the event of power outages. In order to facilitate this, the company has installed batteries and emergency power systems at telecommunications buildings and data centres. Swisscom regularly reviews the prescribed safety measures in the battery rooms to prevent any danger to the environment through the use of batteries. At the end of their life cycle, it has the batteries disposed of and recycled in an environmentally friendly manner. The emergency power systems are only used during power outages and for a few hours a year during annual test runs. The necessary fuel consumption is included in the overall figure of the fuel consumption of Swisscom.

Waste

Swisscom undertakes to avoid waste and selects its products carefully in order to extend their life cycle.

Its recycling management includes working with partner companies to ensure that waste is reused wherever possible. The volume of waste is on a downward trend; the majority of waste is recycled. For waste disposal there are contracts in place with the Swiss Waste Exchange and other external partners. Special waste is disposed of solely by authorised companies in accordance with legal requirements. Since 2015, Swisscom has adopted a uniform process that strengthens transparency along the entire disposal chain.

Waste is categorised according to the Ordinance on Handling Waste (VeVa), is separated into 25 types and is recorded by Swisscom. These types fall under the four main categories of recycling, household waste, operational waste disposed of in municipal solid waste incinerators, and special waste that is subject to inspections (refrigerants with waste code 14 06 01, batteries with waste code 16 06 01 / 16 06 98, old wooden telephone masts with waste code 17 02 97 and fluorescent lighting tubes with waste code 20 01 21). Where there is a maintenance agreement with third parties, the special waste (used oil with waste code 13 03 07, scrap wood from construction sites with waste code 17 02 97) is disposed of by these third parties and not recorded by Swisscom. Leftover cables and building materials are sorted on the construction site and disposed of directly. The volume of household waste was calculated by extrapolating the actual figures recorded in 2016 at six major Swisscom locations throughout Switzerland. The calculation multiplies the number of full-time equivalent employees at Swisscom in Switzerland by the average calculated volume of 40 kg per FTE.

In tonnes	2016	2017	2018	2018 in %
Waste categories				
Recycling	3,575	2,036	2,749	62.7%
Domestic waste disposal in incineration plants	750	721	695	15.8%
Operational waste disposal in incineration plants	2,596	2,871	923	21.0%
Special waste	30	19	18	0.4%
Total waste	6,951	5,647	4,385	100.0%

Recycling

The recycling category in the table above comprises the following materials which are accumulated during operations: metals (copper, iron, aluminium), paper and cardboard, plastics (PET, PE, PP) and toner cartridges. Swisscom has introduced a directive governing the recycling of network infrastructure materials. Swisscom also uses recycled materials: the individual locations use recycled paper and the head office uses rain water and district heating from the nearby purification plant. Swisscom also reuses routers where possible. Recycling operating materials and reusing devices are the first steps towards a circular economy. At the new Minergie-P-Eco® business parks in Ittigen, Ey 10 and Sion, recycled concrete has been used wherever possible.

Soil and biodiversity

The base and transmitter stations ensure that the whole of Switzerland can use telecommunications, radio and TV services. In some cases, these stations are located outside populated areas.

• **Swisscom Broadcast Ltd transmitter stations:** as in the previous year, there are five locations of Swisscom Broadcast Ltd in Emerald areas and two on the edge of an Emerald area or on the edge of moorlands. One other location stands in moorlands (protected area of national significance).

• **Swisscom Switzerland Ltd base stations:** 68 mobile radio base stations (prior year: 68; equivalent to 1.25% of the 5,400 base stations) are located in Ramsar and Emerald protection areas, water protection areas, bird sanctuaries or moorlands,

two of which are in the Swiss National Park. The lower number of base stations compared to the prior year is based on a new counting method, which accounts for the fact that some of the areas mentioned above overlap, resulting in stations being counted two or even three times. In concrete terms, Swisscom constructed no new installations in nature conservation areas in the year under review.

Base stations continue to form the backbone of all mobile phone networks. When positioning these antennas, Swisscom focuses not only on radio technology aspects, but also on their seamless integration into the landscape and townscape as well as the efficient utilisation of the available building land. The search for a suitable location requires an inspection of the site and complies with an inventory of sensitive locations and buildings (if there are any). In the protected areas mentioned above, Swisscom uses existing infrastructure, does not build additional infrastructure itself and does not lay any cables. Apart from the potential visual impact, no negative effects have been detected from the installations. All base and transmitter stations were approved by the relevant authorities.

Only a few square metres of space have to be sealed for the construction of a mobile network base or transmitter station. A base station has a base footprint of approximately eleven square metres.

When Swisscom dismantles decommissioned transmitter stations, it rehabilitates the ground in accordance with internal guidelines issued by Swisscom Broadcast Ltd. In 2018, Swisscom dismantled three stations and restored the ground affected to its natural state.

Swisscom supports a number of partners who work to protect the soil and biodiversity. This support takes the form of financial assistance as well as assistance in the form of the personal efforts of Swisscom employees on site during Nature Days. These Nature Days are part of the corporate volunteering programme Give&Grow. In 2018, Swisscom employees clocked up a total of 722 volunteer days (prior year: 1,117) for nature and landscape conservation. Swisscom also provides technical services to support the Swiss National Park. To protect biodiversity, Swisscom established a population of bees (Apis mellifera) on the site of its head office. They produced a few kilos of honey in the year under review.

Other air emissions

Besides CO_2 emissions, burning fossil fuels for heating and transport also produces NO_x and SO_2. These emissions are determined using the relevant conversion factors and depend on the amount of vehicle fuel and heating fuel consumed. The reduction target for CO_2 also applies to NO_x and SO_2, since all these gases originate from the same combustion processes (heating or engines). Swisscom is reducing CO_2, NO_x and SO_2 emissions by continually optimising heating boilers and drive motors. The emissions are listed in the table of environmental key figures, on page 42.

Environmental key figures in Switzerland

	Unit	2016	2017	2018
Land/buildings				
Net floor space (NFS)	million m²	0.93	0.93	0.93
Paper consumption				
Total paper consumption	Tonnes	5,156	4,444	3,708
Water/sewage				
Water consumption [1]	m³	182,451	188,410	182,424
Energy, electricity				
Electrical energy consumption [2]	Terajoule	1,613	1,683	1,747
	GWh	448	468	485
Energy, heating [3]				
Heating oil	Terajoule	109.7	99.2	69.1
Natural gas	Terajoule	28.2	26.6	27.3
District heating	Terajoule	39.6	40.0	37.2
Biomass	Terajoule			1.1
Total Heating	Terajoule	177.5	165.8	134.8
Energy, fuel [4]				
Petrol	Terajoule	21.6	16.4	16.8
Diesel fuel	Terajoule	116.3	111.3	110.9
Natural gas	Terajoule	1.9	0.3	0.2
Total fuel	Terajoule	139.8	128.0	127.8
Vehicles	Number	3,403	3,160	3,040
Kilometers driven	million km	60.2	54.9	53.4
Average CO_2 emissions [5]	g per km	109.0	105.0	104.0
Energy, total				
Energy consumption	Terajoule	1,930	1,973	2,009
	GWh	536	548	558
Air emissions				
Carbon dioxide CO_2-eq from the consumption of fossil energies [6]	Tonnes	19,837	18,119	16,171
Nitrous gases NO_x [7]	Tonnes	18.3	15.4	13.9
Sulphur dioxide SO_2 [8]	Tonnes	3.7	3.3	2.3
Waste				
Total amount of waste	Tonnes	6,951	5,647	4,385

1 The water consumption (without cooling water) is extrapolated on the basis of the average rate of 43.8 litre per FTE per day.
2 Energy conversion: 1 terajoule (TJ) = 0.278 gigawatt hours (GWh).
3 The heating energy consumption is based on a forecast of monthly measures of the consumption of 61 buildings until 2017 and 120 buildings from 2018 (with a total floor space of over 45%).
4 The fuel consumption was adjusted from private use. The km driven, energy consumption and the air emissions were adjusted accordingly.
5 Average emissions per kilometre refer to manufacturer's indications, according to the NEDC method.

6 CO_2-emissions from consumption of fossil energies, without district heating and refrigerant fluid. Swisscom published a complete climate report according to ISO 14064.
7 From Mobitool (www.mobitool.ch), car traffic, national 5-200 km, direct use, load 1.25, fuel consumption 5.8 litres per 100 km (2016), 5.8 (2017), 5.5 (2018).
8 According to publications "Pollutant Emissions from Road Transport, 1990 to 2035, FOEN, update 2010, annex 6, p. 91, 2010" and "Worksheet emissions factors combustion", FOEN, 2005 .

Work and life

Swisscom supports its customers in their efforts to achieve a sustainable way of living and working, and is committed to mobile working and healthcare.

Management approach

The Work Smart Initiative promotes flexible working, which allows customers and employees to better balance family and career requirements. Work Smart is based on digital solutions and services that form part of Swisscom's core business, an important area that will grow in importance in the future. Swisscom aims to give one million people the opportunity to use mobile working models by 2020. Swisscom provides its customers and employees with the fast Internet connections and corresponding technologies and services they need. The focus is on people rather than technology. Swisscom cultivates an appropriate management style, promotes a working culture and provides premises and framework conditions. For more information, see the "Employees" section. Swisscom employees are able to work flexibly, which improves their work-life balance, increases their productivity and makes a contribution to climate protection targets. Together with research institutions and companies, the Work Smart Initiative is researching how mobile working impacts on people and the environment.

Work Smart solutions

These services support mobile working and promote climate protection:

- **Conferencing services:** traditional teleconferencing services. These can now be supplemented with functions such as screen sharing for group presentations.
- **Managed communications & collaboration:** the communications solution that is integrated into the personal workspace and company-internal intranet. It allows for web and videoconferencing, screen sharing and the joint editing of documents, and also includes chat functions and information on the presence status.
- **Remote access:** remote access to the company's network. This service enables employees to work with company documents and data regardless of their location or the time.

As at the end of 2018, around 1 million people are working flexibly thanks to Swisscom. This calculation is based on the reference values of the FlexWork Study 2016 by the University of Applied Sciences and Arts Northwestern Switzerland FHNW. The study explains how mobile working and the obstacles facing it in the world of work have changed since

2014. It confirms that, of the approximately 5.082 million people in gainful employment in Switzerland, around one-quarter used flexible models to their maximum advantage. Of those who do use mobile working, around 57% use Swisscom broadband connections.

☺ See **www.work-smart-initiative.ch**

Swisscom is taking a pioneering role in the area of Work Smart. In the year under review, the FHNW conducted a survey on behalf of the Work Smart Initiative to assess individual companies with regard to their contribution to making the world of work more flexible. According to this survey, Swisscom works in a flexible and project-based manner. Swisscom's working methods are considerably more flexible than those of the average Swiss company. It therefore shares its experience and offers its business customers Work Smart coaching seminars.

Swisscom is driving forward the Work Smart Initiative

As a board member and representative of the co-chair of the Work Smart Initiative association, Swisscom actively promotes flexible working in Swiss companies. The three goals of the Work Smart Initiative are as follows: to promote the framework conditions that make flexible working possible, to integrate additional groups of people into the workforce, and to make intelligent use of resources and infrastructure. The newly created office strengthened and professionalised the Work Smart Initiative in the year under review.

In 2018, the Work Smart Initiative developed a survey that allows companies to classify themselves according to the FlexWork phase model. A survey of the charter signatories showed that they work much more flexibly than the rest of Switzerland. By the end of the year, a total of 177 companies had signed the charter. Each year, the flexible working initiative organises a Work Smart Week featuring events for companies and signatories of the charter. Another highlight: the digital train, by means of which the initiative has brought the working world of the future closer to the public.

☺ See **www.work-smart-initiative.ch**

Portfolio: offers in the healthcare sector

Health – management approach

The subject of health is relevant to Swisscom in two respects. Firstly, the healthcare sector is at the beginning of a digital transformation that will open up promising business opportunities for Swisscom as a leading ICT company. Secondly, the health and well-being of its employees are of great importance to Swisscom.

Swisscom supports institutions, professionals and the general public in the digital transformation of the healthcare system. It makes health information digitally accessible for customers and users. The exchange of data increases the efficiency and quality of the healthcare sector. By 2020, one million people in the healthcare sector should benefit from Swisscom's products and services. This is a goal that Swisscom set itself as part of its CR strategy – and one which it achieved in 2017, at 1,104,212. Currently, some 3,500 doctors and 200 hospitals use Swisscom services as customers. Tens of thousands of private individuals use Evita, Swisscom's digital personal health record. In addition, Switzerland's most populous cantons are relying on Swisscom technology as they introduce electronic patient dossiers (EPD). These cantons are home to a good 50% of the hospitals, nursing homes and general practitioners in Switzerland. Furthermore, they also account for around half of Switzerland's population.

Swisscom offers a wide range of services and information to promote the health of its employees. These also involve the use of modern, digital tools.

Goal 3
GOOD HEALTH AND WELL-BEING

Digital solutions for a healthy Switzerland

Swisscom is networking the Swiss healthcare sector by means of secure solutions for the digital exchange of data. To do so, it pursues three main strategies. Firstly, Swisscom is playing its part in the introduction of the electronic patient dossier (EPD), which gives the population easy and secure access to their digital health data. Secondly, it digitises the processes of health facilities such as hospitals, nursing homes and doctors, ensures that they can exchange data and thereby increases their efficiency. Thirdly, it supports organisers of major sporting events and thus contributes to health promotion.

Greater efficiency thanks to digitisation

Healthcare costs in Switzerland are increasing year on year. According to the Swiss Federal Statistical Office, 12.2% of GDP is spent on healthcare. According to the economic research unit of the Federal Institute of Technology in Zurich (ETH Zurich), the annual health costs per person exceeded the CHF 10,000 threshold for the first time in 2018.

The digitisation of processes and information has enormous potential in the battle to combat rising healthcare costs and increase efficiency in the healthcare system. One instrument to achieve this is the electronic patient dossier (EPD), which hospitals must offer by 2020 at the latest. The dossier allows healthcare professionals easy access to treatment-relevant documents and lets them quickly access important information. As a result, unnecessary or duplicate treatments can be avoided. The potential resulting from the digitisation of processes between service providers has to date been underutilised. This is where Swisscom's solutions come in, making it possible to optimise transfers, the exchange of information, and much more besides.

A focus on people

In addition to increasing efficiency, digitisation in the healthcare sector allows the patient to be put even more clearly at the centre of all activities. The electronic patient dossier (EPD) improves the exchange of information and thus treatment. The EPD enables citizens to access their health data – easily and from anywhere. They determine which other people have access to this information.

For some years now, Swisscom's electronic patient records system Evita, a kind of precursor to the EPD, has enabled patients to access health data collated by doctors or hospitals as well as their own records. Personal medical and administrative data and documents of a patient are thus stored securely in one place and can be accessed online at any time. Another function offered by Evita is online check-in: patients complete the formalities for hospital admission securely and conveniently from their homes.

Swisscom expanded its customer base in the healthcare sector in 2018, winning over doctors and therapists with its practice information system. In addition, it has scaled up eHealth platforms for cantons and hospitals based on its Health Connect solution. In August 2018, the first EPDs under federal law and based on Swisscom technology were opened in the canton of Basel.

Healthi – the health platform
Healthi, the web-based, interactive health platform for employees, forms part of the responsibility that Swisscom assumes for its employees. With articles and up-to-date tips on nutrition, exercise and well-being, the platform helps employees to increase their knowledge and awareness of their own health. Healthi also promotes social interaction within the company and is Swisscom's internal contact point for all health-related topics.
☺ See **www.healthi.ch**

Low-radiation communications technologies

Electromagnetic fields and corporate responsibility

For more than a hundred years, technology has been using electromagnetic fields to transmit signals. It is the technology used by radio and television to reach billions of listeners and viewers, and by mobile communications to achieve their unprecedented success since 1990. For some time now, there have been more mobile phones in use in Switzerland than the country has inhabitants. Swisscom now operates thousands of antennas to offer its customers a reliable and high-performance mobile network. The continuing growth in customer demand and the development of new transmission technologies will ensure that this network is never completed.

When operating its mobile communications installations, Swisscom has a duty to comply with the extremely strict environmental requirements in all respects, at all times and in every location. The electromagnetic fields of antennas have been the subject of scientific research for over 30 years to clarify whether mobile radio immissions have any negative effects on organisms. The current scientific opinion is that there is no evidence that they do and that such fears are therefore unfounded. However, it also admits that there are still open questions.

Swisscom has a fundamental interest in operating a technology that harms neither people nor the environment. It is an actor in the social and political debate, and its enormous responsibility is not limited to complying with all the relevant legislation. On the contrary, Swisscom provides technical, scientific and communicative support for mobile communications and the environment on a voluntary basis. Its aim is to further the development of mobile communications in harmony with people and nature, to promote research and to engage in dialogue with stakeholder groups.

Swisscom's Corporate Responsibility, Technical and Scientific Governance, and NIRO Governance (Governance of the Ordinance on Protection against Non-Ionising Radiation) areas are responsible for the topic of mobile communications and the environment. In addition, Swisscom set up an interdisciplinary team in the year under review to coordinate the measures and report regularly to the CEO, CIO and CCO.

The following sections illustrate how Swisscom advises, researches, certifies and informs.

Advice and information on wireless technologies and the environment

Local construction projects or articles in the media often lead to questions and demands on Swisscom. Six trained Swisscom employees advise people involved in the construction and operation of mobile radio networks on the one hand and stakeholder groups who would like general information on radio technologies, the environment and health on the other. In the year under review, Swisscom held around 300 (prior year: 140) discussions with key stakeholder groups on the subjects of mobile communications and the environment. There are two reasons for the significant increase in the number of discussions: a narrowly defeated motion in the Council of States to relax the installation limit values for mobile communication antennas and the general public discussion of the new 5G mobile radio standard. Swisscom maintains a regular exchange of information with environmental agencies to ensure that it implements the environmental requirements for mobile communications correctly at all times. In addition, two Swisscom experts deal with electrosensitive persons who feel unwell as a result of immissions from mobile communications installations or other transmitters used by Swisscom. Two communications experts prepare information on mobile communications and the environment for online and print media.

☻ See **www.swisscom.ch/radiation**

Research and development in the area of electromagnetic fields

In the field of electromagnetic field research, Swisscom cooperates with internal and external specialists who analyse studies and support relevant scientific work. Swisscom collaborates with and financially supports the Swiss Research Foundation for Electricity and Mobile Communication (FSM) based at the Federal Institute of Technology in Zurich. The FSM continually monitors and interprets the latest research published on the effects of electromagnetic fields on organisms and the measurement of immissions.

Compliance with NIRO limits and certification of the quality assurance system

In Switzerland, the legal obligation to limit emissions from mobile communication installations is set out in the Ordinance relating to Protection against Non-Ionising Radiation (NIRO). In 2018, Swisscom met all federal legal requirements with respect to the NIRO. It transfers the transmission data from all mobile radio installations to a central database. The municipal and cantonal enforcement authorities have protected access to this database and can check compliance with NIRO limits independently and on the basis of random samples at any time. Swisscom is required to operate a quality assurance system (QAS) for its mobile base stations. The company certifies its QSS according to the ISO standard 33002:2015. The monitoring audit of the QAS in accordance with ISO 33002:2015 was carried out by an external auditor mandated by Société Générale de Surveillance (SGS) in November 2018. Swisscom passed the review with a capability rating of 3 out of a maximum of 5.

Duty to provide information on products offered at points of sale

Customers and interested parties can find information on the levels of radiation emitted by mobile handsets (SAR values) at Swisscom points of sale and on the website. There is no legal obligation to provide this information. Swisscom provides this information in response to the desire of some customers to know the radiation level when selecting a device. All mobile telephones offered by Swisscom comply with the limit of 2 W/kg, in line with the WHO recommendations; 62% are below 0.8 W/kg (previous year 62%), while 45% are below 0.6 W/kg (previous year 50%, as of December).

Current challenges

The new 5G mobile communication technology is still in its infancy. It will form the basis of digitisation in the future. Due to the uniquely strict nature of the NIRO regulations in Switzerland, Swisscom is permitted to transmit 5G on hardly any of its existing mobile communication antennas. Instead, it is obliged to set up a large number of new antennas. Swisscom is therefore in favour of amending the NIRO. Its experts have elaborated measures that meet the needs of mobile operators and their customers as well as taking account of the precautionary principle required by the Environmental Protection Act.

Media skills and security

Swisscom enables and shapes the information society. It wants all people in Switzerland to be able to communicate at all times in both the public and private spheres and to exchange information with one another. It provides the infrastructure and services to enable this. At the same time, Swisscom fulfils its obligation to draw the attention of digital media users to the associated risks. In particular, it helps children and young people to deal competently with the new opportunities.

Management approach

Parents and teachers are now under great pressure when it comes to the use of media by children and young people. Different value systems generate tension. Young people experience media as a natural element of their everyday lives and find it difficult to accept any limitations. Swisscom sees itself as bearing a responsibility, as its products make it possible for the everyday lives of children and young people to be penetrated by digital media in the first place. Swisscom decided very early to conscientiously fulfil more than just the legal requirements. It has therefore adopted additional measures to establish meaningful, target-oriented media use in Switzerland. Swisscom is convinced that only balanced, moderate media use can advance the information society.

CR team members are responsible for youth protection and media competence. When it comes to the protection of minors, Swisscom relies on technical measures such as filters, clearly regulated processes in the advisory and sales process and the blocking of value-added services. It does, however, also favour clear preventive measures such as targeted education, sensitisation and information for the various stakeholder groups. To ensure a meaningful KPI, Swisscom measures the number of contacts made as a result of these measures. Swisscom maintains an active discourse with individual stakeholder groups from the family policy arena, schools and parents' organisations to make the best possible use of synergies.

Swisscom's approach has been successful from the very outset. The various measures such as "enter", the digital media guide, the media courses and the social media channel of the youth media protection officer are rated very highly by customers, readers and users and reach the target groups to a sufficient extent. Swisscom also supports the High Principles on Child Protection of the European Telecommunications Network Operators' Association (ETNO).

The rapidly changing media landscape constantly produces new challenges for parents, teachers and all those involved in youth media protection. For this reason, Swisscom continuously updates its information material.

It is important to Swisscom that everyone in Switzerland should be able to take advantage of digital media. To this end, it guarantees reliable network access almost everywhere in the country. Beyond the applicable technical requirements, it takes the social impact of digital media seriously. It is committed to getting the most out of new media, to protecting minors and to supporting initiatives that bridge the digital divide. Swisscom will be maintaining its goal in 2019 and promoting measured, responsible media use, thereby championing a healthy information society that adds value in line with the federal government's strategy. Swisscom is convinced that Switzerland as a business location, the Swiss educational landscape and the entire population will continue to benefit from a progressive ICT landscape both now and in the future. In harmony with Swisscom, the Digital Switzerland initiative passed by the Federal Council in April 2016 relates not only to the infrastructure aspects of information and communication technologies, but also to issues of data handling and the development of an information society. The digitisation of broad swathes of society is essential. This includes much more than the mere use of technical devices and applications and requires each individual to be open and willing to learn on a daily basis. For this very reason, it is vital that we as individuals develop a healthy, responsible attitude to dealing with the new forms of digitisation in the current phase of transformation.

Data protection

Almost all of Swisscom's divisions process personal data. This is particularly important in the provision of services and the handling of business relationships. The ongoing digitisation process offers a plethora of possibilities for optimising and further developing services for customers and for improving the efficiency of operational processes. Swisscom stands for responsible, transparent and legally compliant handling of customers' and employees' personal data.

It works continuously to extend its data protection measures. For example, new processes and methods ensure that data protection interests are taken into account at an even earlier stage when planning projects. In addition, staff training was intensified in order to further improve their knowledge of the handling of personal data.

For some time, Swisscom has been giving its customers the opportunity to influence the processing of their data. Customers can opt out of their data being used for smart data applications in the online customer centre and at the points of contact.

Data protection within Swisscom is controlled and monitored by a central data governance unit. This has been further expanded so all business areas are actively supported with the necessary resources and knowledge to ensure compliance with legal requirements and Swisscom's pledge of trustworthiness.

☺ See **www.swisscom.ch/dataprotection**

Media protection for minors and promoting media skills

Media protection for minors and guidelines on media content

Digital media offer both opportunities and risks for children and young people, although these risks are often ignored. Swisscom is determined not to leave parents to shoulder the responsibility of handling these risks alone. It supports parents, teachers and everyone involved in protecting minors by providing information, support materials and offers.

Goal 4
QUALITY EDUCATION

Particular importance is attached to privacy in youth media protection. When children and young people publicly disclose private or even intimate information on social networks, they are often unaware of the implications of their actions. For that reason, Swisscom uses brochures and courses to explain to subscribers and participants the importance of fundamental measures to protect privacy, and addresses issues such as bullying, addictive behaviour, password security and how to deal with third-party content.

Pursuant to Article 197 of the Swiss Penal Code, displaying content of a pornographic nature to persons under the age of 16 is prohibited. This applies to both content providers and Swisscom as a service provider. Swisscom also interprets the provisions of the Ordinance on Telecommunications Services very strictly. These describe the blocking of value-added services.

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 recommended a list of youth media protection measures in addition to the legal requirements. The industry initiative was subjected to a thorough review in 2016 and now incorporates the stipulations laid down by the regulator ex ante. As a result, the signatory companies communicate more frequently and on a more regular basis with their customers about sensible media education measures. The industry initiative also strengthens the role of youth media protection officers. The review of the initiative by an external body has shown that there is particular room for improvement in the measures relating to customer information. The feedback received during the audit has been incorporated into the revised version of the industry initiative.

☺ See **www.asut.ch** (in German and French)

Swisscom exceeds the legal requirements for youth media protection:

- Strict interpretation of the concept of protection in the event that an underage customer falls into debt
- No adult content whatsoever included in the video-on-demand offerings on Swisscom TV or on the information portal Bluewin

☺ See **www.bluewin.ch** (in German, French and Italian)

- Additional channel blocking via PIN on Swisscom TV
- Ensuring youth media protection with the additional Replay TV function
- Providing FSK age rating recommendations for all video-on-demand content
- Exceptionally stringent requirements for third-party providers of value-added services
- Engagement of the youth media protection officer in intensive, direct dialogue in the social media and in the press

Promoting media skills

Swisscom considers the promotion of media skills among children and young people to be the best method of reducing the risks over the long term. It has therefore worked for a number of years to help children and young people use digital media sensibly and in moderation:

- **Media courses for parents, teaching staff and pupils:** the courses are held on parents' evenings and as part of further training sessions for teachers. The aim of the courses is to raise the participants' awareness of the risks and to make recommendations on the use of media at home and in school. In 2018, Swisscom organised a total of 1,800 events throughout Switzerland on the topic of media literacy with almost 45,000 participants. This makes it the largest provider of media courses in Switzerland.

☺ See **www.swisscom.ch/medienkurse** (in German, French and Italian)

- **Info Cafés for parents and grandparents:** even the youngest of children are fascinated by smartphones, tablets and televisions. At the free Info Cafés, parents and guardians of children between the ages of four and ten can get tips on dealing with the media in everyday life. Participants are able to talk to expert trainers from the Swisscom Academy and find the exchange of experiences among those taking part to be equally valuable. Parents and guardians receive practical examples and recommendations for their children's voyage of discovery with regard to media.

  ☺ See **www.swisscom.ch/mediasmart**

- **JAMES – Youth, Activities, (Multi-)Media – results for Switzerland:** the JAMES Study investigates the way in which media is used by young people aged between 12 and 19. The study was conducted for the fifth time in 2018. It again illustrates how the media and leisure behaviour of young people is changing. Fortunately, the study reveals that young people develop their own mechanisms to resist the negative influences of digital media.

  ☺ See **www.swisscom.ch/james**

eSports demand a sense of responsibility

Swisscom launched its own eSports offering in 2018. Swisscom is planning accompanying measures in order to support eSports as responsibly as possible. These will support parents to develop an opinion on gaming and eSports and provide interested parties with scientifically sound information on gaming and eSports. They will also provide the best possible protection for children and young people against the potentially negative effects of gaming and eSports.

Swisscom's commitment to eSports illustrates how companies can fulfil their responsibilities to society.

Swisscom Academy

Since 2005, the Swisscom Academy has been teaching people how to use mobile devices and the Internet. Courses are offered on a daily basis at the training centres in Berne, Basel, Lausanne, Lucerne, Geneva and Zurich. The academy also has a mobile unit at additional locations every year. In 2018, more than 15,027 people attended training courses on how to use modern communications media. Since the launch of the Swisscom Academy, 515,960 people have already attended its courses. The courses are targeted at the general public in Switzerland and are open to customers and non-customers alike. Through the academy, Swisscom is playing an important role in reducing the digital generation gap.

Further platforms for media skills

The following measures also contribute to healthy, responsible media usage:

- **Offers for customers:** Internet Security, "inOne mobile prepaid kids" subscription for children,

activation of PIN to block channels and video-on-demand services on Swisscom TV
- **Communication and information measures:** publications in specialist journals ("Educateur", parents' magazine "Fritz und Fränzi", "Bildung Schweiz"), social media presence of the youth media protection officer (Twitter, Facebook)
- **"Get media smart" website:** information platform on how digital media fits into everyday life with relevant links to background stories and studies.

☺ See **www.swisscom.ch/mediasmart**

Internet for Schools initiative

Swisscom has been making a substantial contribution to the Swiss education system since 2002; initially as part of the government's Internet for Schools initiative (2002–2007) and since 2008 through its own Internet for Schools initiative and in consultation with the relevant public bodies. The Internet for Schools initiative is a response to the increased needs of schools and cantons, and its range of services is constantly being expanded.

**Goal 4
QUALITY EDUCATION**

Thanks to Internet for Schools, all primary and secondary schools in Switzerland already benefit from a broadband Internet connection. For some years, the initiative has also been helping kindergartens to take their first steps into the digital world. These are being integrated into primary schools as part of the intercantonal HarmoS Concordat. Swisscom aims to work together with schools, cantons and federal offices to create an efficient and sustainable architecture for the future ICT landscape of the Swiss education system.

Internet access is free of charge. As the cost of a secure, high-performance infrastructure has grown continuously in recent years, schools are now, by agreement with the cantons, contributing to the costs of security solutions such as firewalls and content filters on a user-pays basis. The costs per school, e.g. for the security services for a copper-based connection, amount to CHF 780 per year.

Schools' need for increasingly high-bandwidth network connections has grown continuously due to the current patterns of Internet usage. Many schools work with cloud-based ecosystems, exploding the flow of data between the Internet and schools. Swisscom has responded by making further connection options available to schools. Schools can now use mobile hotspots or the Smart Business Connect product, which permits bandwidths of up to 1 Gb/s and is free for schools.
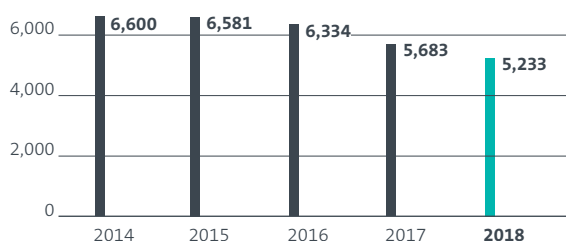
☺ See **www.swisscom.ch/sai**

The number of schools has seen a slight decline, prompted by the closure of schools and nurseries, by the merger of several school sites under a central

connection and finally by the decision on the part on some schools to switch to another provider.

Internet for Schools

Number of schools

In recent years, Swisscom has pressed ahead with its drive to network prominent educational institutions. This ensures that Swisscom identifies the needs of schools in relation to ICT integration early. Swisscom cultivates its network through dialogue and events, in particular with the following institutions:

- Education server educa and Swiss education server educanet
- Swiss Foundation for Audiovisual Educational Content (Schweizerische Stiftung für audiovisuelle Bildungsinhalte – SSAB)
- Umbrella Organisation of Teachers Switzerland (Dachverband Lehrerinnen und Lehrer Schweiz – LCH)
- Union of French-speaking Teachers (Syndicat des enseignants romands – SER)
- Worlddidac Association

Discussions with these organisations and with a large number of schools have resulted in additional services. Thanks to Storebox, schools can safely and reliably host the data they generate while teaching in Switzerland and make it available to all participants at all times. Swisscom also offers schools free use of the videoconferencing service Skype for Business from Microsoft.

In recent years, Swisscom has developed the Helloclass application and made it available to selected schools. The feedback shows that the digital class planner fulfils an important need for primary school teachers. Swisscom has therefore relaunched Helloclass and is now making two versions of the application available to all Swiss schools. The basic version is free of charge and a second version with enhanced functions is subject to a charge.

See **www.helloclass.ch** (in German)

Education Sponsorship Charter

The Association of Swiss Teachers (LCH) used the Swiss Education Days in November 2016 to present their charter on the sponsorship, promotion and funding of public education by private providers. The charter was drawn up in cooperation with various stakeholder groups from the education sector and

Courses Academy and promotion of media competency

Number of participants (cumulative)
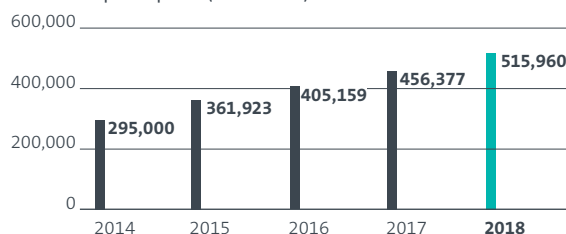
with representatives from the private sector. It aims to support school directors and teaching staff in evaluating sponsorship services offered by private sector partners. The charter does not deem it appropriate, for instance, if school children are used as advertising space or if the use of user data is not made transparent or is not in accordance with a canton's legal requirements. Swisscom was one of the first companies to sign this charter. It considers it legitimate to act with due caution in the sensitive area between the public sector and private business partners or sponsors. It hopes to serve as a role model for other companies through the work it does. The visibility of the Swisscom brand should thus primarily boost identification and foster transparency. Swisscom will never use data that was previously acquired for administration purposes only or within the scope of sponsorship activities for other purposes. Accordingly, it does not employ aggressive advertising measures in schools.

Responsible employer

People and their relationships are at the heart of everything we do at Swisscom. Swisscom and its employees achieve success together.

Management approach

We experience digital change on a daily basis. Knowledge that was up to date yesterday may be outdated tomorrow. Many employees are worried about the future of their industry or profession. Companies are asking themselves what is the right approach to digitisation. As Switzerland's leading ICT company, Swisscom can help answer the essential questions. It is at the heart of digitisation, which it sees as an enormous opportunity, and wishes to remain the market leader in Switzerland. This requires satisfied employees who use their skills, experience and personalities to inspire people in the networked world on a daily basis.

That is why Swisscom invests in its employees. From 2019, it will offer its employees five training days a year with the aim of enhancing their employability and has set this objective out in the new collective employment agreement (CEA), which was concluded in January 2018. Employees are provided with numerous other opportunities for personal development: further training on the job, project assignments in other areas of the company (for which employees apply via a marketplace), workshops on new technologies and agile ways of working, progress meetings, talent programmes and numerous training courses. Swisscom positions itself on the job market as a top employer. It offers its employees tasks in which they assume responsibility, utilise their potential and further develop their abilities.

The structural changes associated with digitisation and the decline in the core business are reflected in staffing numbers. Swisscom is streamlining work processes and reducing job vacancies in declining business areas. The change in the number of jobs resulted from the fact that some 2,330 employees left Swisscom, while Swisscom hired 1,640 new employees.

By planning for the long term, Swisscom is able to absorb much of the decline in the workforce through natural fluctuation, proactive vacancy management and retirements. Due to the intensive support they receive prior to the expiry of the social plan deadline, employees who are supported by the social plan find an alternative position internally or externally in around 88% of cases. New jobs are generally created in growth areas such as the cloud or security. As in the past, Swisscom will heavily rely on training through apprenticeships and will be making 902 apprenticeships available in 2018.

General terms and conditions of employment

Swisscom employees benefit from generous employment conditions that considerably exceed the statutory minimum requirements. These include:

Goal 8
DECENT WORK AND ECONOMIC GROWTH

Remuneration

- **Equal pay:** Swisscom remunerates its employees fairly and in line with market conditions, as well as ensuring equal pay between the sexes. The salary system is structured in such a way that equal salaries are paid for equivalent tasks and services. The individual functions are classified in job levels according to their requirements and assigned to salary bands which correspond to the market wage. The salary band stipulates the remuneration range for equivalent duties and responsibility. Within each band, salaries are determined on the basis of the performance of the individual employees.
  Swisscom adjusts employees' salaries in its annual salary review. In particular, it also examines whether there are differences in salaries between women and men within individual units and adjusts salary differences where necessary. Swisscom periodically reviews the salary structure for differences between men's and women's wages using the Swiss Confederation's equal pay instrument (Logib). Previous reviews (most recently in 2018) have revealed only minor pay discrepancies, well under the tolerance threshold of 5%. Employees who have put in an above-average performance and whose wages are at the lower end of their respective salary bands receive an above-average wage increase.
- **Profit-sharing:** all Swisscom employees share in the company's success by way of the variable salary component. Profit-sharing is the product of the company's financial performance and the successful transformation of the business. An individual performance factor serves as a further calculation factor for management staff. The employee's job level determines the level of profit-sharing. It ranges from 2% of the basic salary at the lowest job level to 30% at job level A.

Employees at job level A and members of the Group Executive Board receive a proportion of their variable profit-sharing in the form of Swisscom Ltd shares (Annual Report, Remuneration Report section).

- **comPlan pension fund:** at the end of 2018, around 18,200 Swisscom employees and some 8,500 pensioners were insured under comPlan. In 2018, comPlan posted a net return on assets of around 3.0% (prior year: 9.3%). As at 31 December 2018, the market value of plan assets amounted to CHF 10.5 billion (prior year: CHF 10.9 billion) and the coverage ratio was around 103% (prior year: 108%) in accordance with Swiss accounting standards for pension funds. In order to safeguard the financial situation of the pension fund in a low-interest environment and a society where life expectancy is increasing, the comPlan Board of Trustees decided on 1 July 2017 to gradually reduce the conversion rate from 6.11% to 5.34% by 2020 and to compensate for this by increasing the savings contributions. The phasing in of the changes enables active members to plan their retirement.

- **Fringe benefits:** all Swisscom employees receive fringe benefits in the form of an allowance towards Swisscom subscriptions for the fixed network, Internet, TV and mobile telephony as well as the SBB half-fare travelcard. These fringe benefits are granted irrespective of function or whether the employee works full time or part time. Apprentices also receive an allowance for learning materials. Swisscom also supports families in making use of external childcare through financial contributions and by providing access to free counselling services through specialised partners. It also pays the employer's pension fund contribution for unpaid leave for a maximum of three months. Swisscom offers its female employees 18 weeks' maternity leave on the birth of a child. Male employees are entitled to 15 days' paternity leave and one month's unpaid leave in the first year of their child's life. Parents who adopt children are entitled to ten days' adoption leave.

- **Supplementary regulations governing management staff:** management staff have the opportunity to take a partly paid sabbatical of up to three months after five years of uninterrupted service in a management position. Swisscom pays their salary for 30 working days. Management staff are also exempted from the obligation to pay a contribution to the collective illness and accident insurances as well as management staff risk insurance in the event of death.

Ways and models of working

- **Flexible working hours:** the working week at Swisscom is 40 hours. Some subsidiaries have working weeks of 41 or 42 hours. Flexitime allows employees to arrange their working hours flexibly in line with the requirements of their job. They can

therefore largely determine when they complete their tasks. The same also applies to their place of work: employees can work from home, while on the move, at a customer's premises or at another location. Swisscom provides them with the necessary tools. In addition, employees can choose to work part-time, which includes being able to try out part-time working for three months. The Work & Care model enables employees who care for sick relatives to temporarily reduce their workload and thus fulfil their family obligations. If employees work longer hours than their designated total weekly hours, they compensate for the additional working time by either taking the same amount of time off in lieu or having the additional hours credited to a long-term working time account. This long-term working time account exists for this specific purpose and the time transferred must be taken within a period of three years.

- **Paid absences:** Swisscom employees are entitled to paid absences for certain personal events, such as the death of close relatives (up to three days), getting married (two days), sudden serious illness of children, parents, spouses or life partners (up to two days), moving home (one day), in the case of single parents events that cannot be postponed (up to five days) as well as military matters in accordance with the mandate.

- **Combining work and family life:** Swisscom attaches great importance to facilitating the combination of work and family life, not just for women but also for men. It is convinced that the acceptance of part-time work, for example, will increase if men also take advantage of flexible working models. In addition to flexible working models, Swisscom supports families through other measures such as contributions to extra-familial childcare and advisory services provided in cooperation with the Family Service. Swisscom pays child and education allowances that exceed the legal requirements in some cantons. In the year under review, the Pro Familia organisation reviewed Swisscom with regard to its family friendliness in accordance with the Family Score procedure and awarded it the Family Friendly Work Space label.

- **Annual leave:** depending on their age, Swisscom employees are entitled to between 25 and 30 days' annual leave. In order to meet the desire for more leisure time, Swisscom introduced holiday purchasing a few years ago: this model enables employees to take up to ten additional days of annual leave in return for a corresponding deduction from their salary. In addition, Swisscom employees can take unpaid leave (absence longer than ten days). Employees subject to the CEA who organise their working time autonomously (time autonomy, in compliance with Seco guidelines) receive five additional days of annual leave. They also receive five additional days of annual leave every five years as a reward for their loyalty to the company. Employees on management contracts

are entitled to a sabbatical every five years. Swisscom assumes the costs for 30 days.
- **Agile forms of collaboration:** Swisscom is undergoing a transformation. It is therefore continuing to develop its traditional organisational forms and working methods so as to generate added value with the necessary dynamism, speed and flexibility. Swisscom is increasingly reliant on agile working methods. It distinguishes between "being agile" and "doing agile". "Being agile" represents an attitude and way of thinking adopted by each individual employee. "Doing agile" refers to the practical application of certain ways of working, methods or organisational forms that are adapted to the relevant context. Hierarchies are becoming flatter while individual responsibility is expanding. Around 1,500 Swisscom employees are currently applying agile methods in their work in squads, chapters and tribes. The majority of them are implementing the Scaled Agile Framework (SAFe) model: a collection of organisational and workflow patterns that supports the scaling of lean and agile procedures.

Other offers for employees
- **Staff restaurant:** Swisscom offers its employees a selection of discounted lunch options at most of its locations. In collaboration with SV Services, it ensures the availability of a healthy, balanced and varied menu. The products prepared in the staff restaurants are produced fairly, sustainably and, wherever possible, locally. At locations where Swisscom does not operate its own staff restaurants, employees can take advantage of discounted offers from partner companies.
- **Employee offers:** Swisscom employees benefit from a range of employee offers, qualifying for varying discounts on the market price of a range of offers extending from gym memberships to hotels, holiday apartments, a variety of personal and property insurances, wellness services and products to educational offers.
- **Activation programmes:** the corporate volunteering programme Give&Grow releases Swisscom employees to engage in volunteering assignment. Employees can choose between a variety of volunteering projects in the fields of the environment, society and education, and spend up to two days' worth of working hours each year on voluntary work. In 2018, Swisscom employees spent 1,072 (prior year 1,140) working days volunteering. Move! is a programme that promotes activities in the fields of health, sport and culture. As Move! coaches, employees provide their colleagues with a range of activities. Swisscom supports these activities financially. In 2018, more than 115 Move! coaches conducted over 300 activities, which were attended by a total of more than 4,129 participations.

Recruitment
Swisscom recruits in a non-discriminatory manner. It does not take into account factors such as age, origin, gender, etc., but instead focuses solely on the applicants' qualifications and their attitude towards the company's values. Potential applicants also have the opportunity to apply anonymously, but this option is rarely used. Applicants are selected in a traditional manner, i.e. without the support of artificial intelligence or algorithms. With regard to the employment of foreign nationals from third countries, Swisscom complies with the legal regulations and gives priority to Swiss nationals.

- **Young professionals:** Swisscom provides 902 apprenticeships in eight different vocational areas. In addition, cablex offers 52 apprenticeships in three vocational areas. This year, some 224 apprentices complete their training with a success rate of around 95.7%. 259 young people started an apprenticeship at Swisscom in the year under review. The range of apprenticeships on offer means that there are opportunities for young people at all qualification levels: Swisscom offers vocational training to those with a basic secondary-level education as well as those who have graduated from high school. Swisscom also provides on-the-job training for students of the practice-integrated degree course in information technology. 122 graduates from universities of applied sciences and universities gain their first practical experience every year as step-in interns at Swisscom. In addition, Swisscom's trainee programme enables twelve interested people to embark upon their careers.
- **Experienced employees:** Swisscom is committed to the internal job market. Wherever possible and practical, it fills vacancies with internal applicants. This is even more the case with management positions. The approach enables Swisscom to offer its employees attractive career prospects, which is an enormous advantage in a phase of increasing digitisation. As part of its strategic personnel management, Swisscom evaluates its future needs in terms of employee requirements, skills and abilities at an early stage. It offers employees whose job profile is likely to be less in demand in the future the opportunity to refine and expand upon their skills and thus meet the job demands of the future.

Training and education

For Swisscom, giving its employees sufficient creative freedom and personal responsibility for their professional development forms part of an inspiring learning culture. As a pioneer in the field of digitisation in Switzerland, Swisscom is dedicated to getting to grips with the working and learning models of the future. It offers employees and managers an environment in which they can develop and test new skills. These include cross-functional squads, chapters and

tribes – mixed teams that combine all the skills and disciplines necessary to execute tasks and develop their products independently using agile methods.

Employees can access numerous e-learning modules in the Learning Centre. These modules impart learning content of all kinds – from leadership topics to specialist subjects (e.g. IT, cloud and business administration) to overarching topics such as security, digitisation and governance. Employees are also increasingly developing learning opportunities themselves and sharing their knowledge with their colleagues on platforms. Swisscom thus offers its employees a learning environment that takes account of digitisation – both in terms of the format and accessibility of the learning offerings and in terms of content. In addition to basic ICT knowledge, Swisscom has also developed numerous role-specific learning topics such as social media for sales and data centre strategies, and incorporated these into the Learning Centre. From 2019, Swisscom will combine all its corporate learning activities in the One Swisscom Academy in order to further improve the support it offers its employees in their professional development.

Average number of hours of training and further education per year and employee
Swisscom employees benefit from numerous training and development opportunities. These range from internal sales training courses and training on new technologies and products to external training and further education at tertiary level. Swisscom works together with the Swiss education portal, which offers employees attractive discounts.
☺ See **www.ausbildung-weiterbildung.ch** (in German)

Depending on the objective of the training measure, Swisscom supports further training by granting days off and / or contributing financially.

In addition, ten trainees are taken on each year who gain their first work experience in various projects over the course of a year after graduating from university. In 2018, Swisscom employees participated in an average of 51,097 working days of training or further education (prior year: 55,035).

Programmes to improve employees' skills and provide transitional assistance
Together with its social partners, the syndicom trade union and the transfair personnel association, Swisscom stipulated in its collective employment agreement (CEA) in 2018 that every employee with a CEA was entitled to five development days per year. Development days are days on which employees participate in training and / or further education measures in order to maintain or increase their employability. Employees with management contracts are expected to take the necessary measures to improve their employability.

The Leadership Academy provides managers with a wide range of online and face-to-face events for professional and personal development.

Swisscom offers a wide range of talent opportunities to employees with motivation and potential, enabling them to improve their skills and move into more responsible positions. To avoid talented employees being overlooked in the selection process, employees can apply for the talent programmes themselves rather than being nominated by their superiors.

Finally, the individual divisions offer their employees training opportunities of their own – e.g., Swisscom's ENT Academy, which is tailored to the needs of the key account division.

Swisscom introduced the Marketplace in 2018. This is a platform on which individual divisions can advertise a variety of tasks. Employees can apply for one of these tasks in order to familiarise themselves with new vocational responsibilities and fields of activity in addition to their familiar activities and to improve their employability.

All of these offerings will be combined into the One Swisscom Academy at the beginning of 2019 in order to manage the training and further education of employees even more efficiently and across divisional boundaries.

Employees whose positions are to be abolished in the course of a reorganisation are transferred to a social plan, where they are supported by means of targeted measures, ranging from benchmark analyses and career advice to attending suitable courses, all with the aim of improving their employability and supporting them in their efforts to find a new job.

Evaluating performance and career development
In collaboration with partners, Swisscom has developed My Impact – a tool that employees and managers can use as a compass for career development and performance evaluation.

Together with their managers and teams, Swisscom employees define the contributions they wish to make – within their remit – in order to jointly achieve the company's objectives. They obtain feedback on these contributions from their stakeholder groups through regular feedback rounds. The feedback is important to ensure that there is a broad-based performance evaluation that also includes employees' self-evaluations. This allows employees to plan their further professional development. Constructive feedback from third parties allows them to discover their personal strengths and potential, and also what they can improve upon in the future. At the Development Checkpoint, employees engage in a dialogue with their managers about their professional development and record training and further

education measures in My Development. This is based on the My Employability questionnaire, which encourages employees to reflect on their personal development goals. Under certain circumstances, Swisscom involves itself in the defined measures. The performance evaluation is included in the calculation of the salary adjustment. In 2018, 89.8% of employees specified My Impact contributions and 23.3% development targets.

Minimum notice period for operational changes

Swisscom allows staff representatives and trade unions a consultation period (minimum notice period) of at least two weeks in the event of operational changes as part of its agreed participation arrangements.

Participation consists of rights to information, participation and decision making and is set out in the collective employment agreement. The consultation period is not defined in the collective employment agreement; it is determined by the legal basis, case law and established practice. Swisscom generally gives longer notice periods than required by law and attaches great importance to dialogue between management and the social partners.

Diversity and equal opportunities

At Swisscom, every employee contributes his or her individual experience, skills, ideas and points of view to the company, and it is this diversity (particularly within a team) that makes Swisscom successful and one of the most innovative companies in Switzerland. Diversity is also an important factor when it comes to meeting future demographic challenges. At Swisscom, employees find a working environment in which they can work together in a spirit of mutual respect and trust, allowing them to devote their full attention to the company's customers. To encourage diversity, Swisscom pays attention to the factors of gender, inclusion, generations and language region in everything it does.

Goal 5
GENDER EQUALITY

Gender equality

As a technology company, Swisscom operates in an industry that is still heavily male-dominated. The majority of those trained in the technical professions that Swisscom needs are men. Although this ratio has increasingly shifted in favour of women in recent years, Swisscom has at the same time noticed that there has been a marked change in the flexibility and mobility of the 30 to 40-year-old age group. This age group is one in which professional development is of great importance and in which employees begin to assume management functions. Nonetheless, it is often precisely at this point that men and women decide to re-examine their priorities in life. Whatever

the motives that make women and men decide that they want a change, it is also a consequence of increased mobility. Swisscom is confronted here with a phenomenon that is affecting society as a whole. In areas where Swisscom is able to influence social change, it implements a wide range of measures in the knowledge that it would be possible to do much more in the absence of economic and political restrictions. For example, Swisscom has already put a lot of effort into designing relevant processes and norms in recruitment, development, talent management and management culture to manage diversity and to ensure that they counteract unconscious stereotyping and facilitate equal opportunities.

Family responsibilities are to a large extent still predominantly borne by women. Swisscom is responding to this by offering a diverse and extensive range of flexible models for organising working hours autonomously. In order to increase the acceptance of offers such as part-time working for men, Swisscom allows employees to try out working part time, particularly its male employees. The crash courses for expectant or young fathers, which Swisscom offers to these employees, are extremely popular and follow a similar approach. The proportion of men working part-time at Swisscom has risen from 11.1% to 11.6% since 2016. The flexible work models and measures for reconciling work and family life described under GRI 401 also help to integrate all employees, regardless of their domestic situations. The majority of jobs are therefore advertised with flexible 80-100% working hours.

At the Digital Days for Girls, Swisscom will be showing schoolgirls the opportunities that technical apprenticeships can offer them. Female apprentices on ICT training courses tell the female students what their apprenticeship courses entail. The students then try out applications such as programming a chatbot. The support provided by women on these days also ensures that the pupils get to meet female role models.

These measures are proving successful: the proportion of female apprentices in ICT occupations has risen by 6% since their introduction. Nonetheless, it takes time for these young women to mature sufficiently to be able to grasp the opportunities to develop themselves and assume top management positions.

Support starts with school pupils but continues throughout working life. It enables women in responsible positions to further their education both internally and as part of the nationwide Advance Women initiative and to expand their network. Swisscom Group Management has set itself the goal of steadily increasing the proportion of women in management. It is convinced that talent management and promotions will increase the integration of women in the company. A Succession Planning

Committee consisting of members of the Executive Committee has been set up to support this.

Generations

Swisscom employs people of all ages. Collaboration and exchange between generations gives employees the opportunity to learn a lot from one another. Swisscom benefits from this in many ways – e.g. in the development of products and services that are precisely tailored to the needs of its various customers.

Irrespective of their age, employees take advantage of training and development opportunities and further develop their skills. The important thing is that they are given the opportunity for regular dialogue and self-reflection on employability and professional development. There is a range of different offerings addressing the topic of employability. For example, employees who have reached the age of 58 can gradually step back from working life by taking partial retirement, while at the same time passing on their know-how to the next generations.

Since 2017, Swisscom has supported the Check your Chance initiative of the Swiss Employers' Association. The aim of the initiative is to support young people in difficult situations by means of a hotline.

Swisscom is also business partner to the Lucerne University of Applied Sciences and Arts for the integrative generation management project and a partner of the World Demographic & Ageing Forum (WDA Forum). The WDA Forum is an international, intergenerational platform which supports exchange on matters to do with the general public, older people and generations.

Nationality and language

People from 93 different nations work for Swisscom – at many different locations in all regions of Switzerland. Swisscom offers its employees discounts on language courses to promote understanding across linguistic boundaries. When recruiting new employees, wherever possible Swisscom considers applicants from the respective region, as they are familiar with local customs. To attract talented people with the necessary profiles, Swisscom maintains partnerships with universities in the various linguistic regions of Switzerland.

Inclusion

Swisscom actively supports the Compasso association as a member and sponsor. Compasso focuses on providing employers with information on how to deal with people with health problems. The organisation is widely supported and is sponsored by the Swiss Employers' Association.

Swisscom builds on the individual strengths and abilities of each employee. Where employees' work performances are impaired due to health reasons,

Swisscom attaches great importance to keeping them in the workforce and guaranteeing them meaningful continued employment. To promote inclusion, Swisscom reserves at least 1% of jobs for employees with physical or psychological impairments. In so doing, Swisscom fosters the integration of the persons in question into the workforce.

With respect to the opportunities offered and the potential accorded to each individual employee, Swisscom does not differentiate between employees with mental or physical impairments and those who are not impaired.

Diversity in management bodies and employee committees

There are currently no women on the Group Executive Board, while top management consists 5 women. The Board of Directors has four women out of a total of nine members. The proportion of women in the technical areas is quite low, as the number of women in Switzerland with a technical education is in general rather small. Swisscom is therefore unable to find enough women to choose from for its open positions on the Swiss labour market. Wherever possible, Swisscom also looks for suitable applicants on international labour markets. It is often the case that the mobility of these employees is particularly pronounced and that they leave the company before they move up the career ladder. Although the measures described above are beginning to have an impact, it will take some time for the young women to gain the necessary experience to assume top management positions. All these factors mean that the goal of integrating women into top management can only be achieved slowly. For that reason, the goal has been adjusted.

Swisscom is represented in all of Switzerland's language regions. It attaches great importance to ensuring that the various languages are adequately represented on the governing bodies. This has yet to be achieved to the desired degree.

Ratio of remuneration among women and men

Salaries at Swisscom are determined on the basis of the job level, the relevant salary range and individual performance. Equivalent jobs are assigned to the same job level and are thus remunerated in accordance with the corresponding salary range. Swisscom periodically reviews the salary structure for differences between men's and women's wages using the Swiss Confederation's equal pay instrument (Logib). Previous reviews (most recently in 2018) have revealed only minor pay discrepancies, well under the tolerance threshold of 5%.

Incidents of discrimination and measures taken

Swisscom does not tolerate any kind of discrimination or abuse of power. This principle is communicated to

employees and, above all, to managers in training courses. In cases of discrimination, the neutral Care Gate contact point is available to all employees.

Occupational health and safety

Swisscom consistently implements the statutory provisions on occupational health and safety (generic term "safety"). For Swisscom, the health and safety of its employees, contractors, customers and everyone else affected by its business activities is the number one priority. Occupational health management forms part of the safety system. On 8 July 2016, the Federal Coordination Commission for Occupational Safety (FCOS) certified the Swisscom safety system, based on a national standard, as an operational group solution (i.e. as a solution that is suitable for large companies with branch offices in different locations). This certification is valid until 31 March 2021. The operational group solution according to FCOS directive 6508 is comparable to the standard according to OHSAS 18001 or ISO 45001:2018.

Goal 3
GOOD HEALTH AND WELL-BEING

Swisscom makes targeted investments in occupational health management initiatives and programmes, thereby supporting its employees in their efforts to stay healthy and motivated in the long term. Swisscom places special emphasis on prevention and early detection, including matters relating to mental health in the workplace – an area where, as an employer, Swisscom has a significant influence on the health of employees.

Thanks to its systematic anchoring of health in the company, its targeted prevention approach and impact measurement, Swisscom was awarded the "Friendly Work Space" label by Health Promotion Switzerland in 2018 following a rigorous assessment process.

Employee representation on occupational health and safety committees
Every four years, Swisscom employees elect an Employee Committee from among their ranks. This committee's tasks include suggesting improvements in ergonomics, occupational safety and health protection and increasing the well-being of colleagues. The members of the Employee Committee are familiar with realities of life within the company from their own day-to-day work and are therefore able to contribute quickly and effectively.

The Employee Committee is entitled to a seat on the Swisscom safety organisation's Group Safety Board. This committee meets every two months and consists of safety specialists who meet to exchange information, identify common problems and solutions, and define Swisscom-wide measures and campaigns.

In addition, there is an annual exchange between the safety officer (SiBe) and the employee representatives' committees and other social partners (e.g. trade unions).

Swisscom is a signatory to Suva's "STOP in case of danger" security charter. It is therefore committed to ensuring that workplace safety rules are consistently observed so as to preserve the lives and health of all those involved.

Specialists in occupational safety (from the ASA pool) carry out an audit every two years to continuously review and improve the Swisscom safety system. During the course of the reporting year, the "Protection against psychosocial risks in the workplace" and "System audit" audits were carried out.

The audits prove that Swisscom has a comprehensive, very well structured safety system that is geared to the requirements of the ASA directive pursuant to FCOS and Suva's ten system points. The steering committee responsible for this area has examined the corresponding measures. Major challenges arose in 2018 as a result of newly introduced cooperation models, whereby certain tasks were outsourced to contractual partners such as contractors, suppliers and general or total contractors. Swisscom drew up the corresponding safety requirements and stipulated the individual obligations in the contracts. Swisscom set up an additional "Safety Board TU's" platform in order to discuss all relevant safety aspects between clients and contractors.

Types of injuries, occupational illnesses, days lost due to illness, absences and number of work-related deaths
Swisscom collects all information centrally via a reporting system and summarises it monthly. Systematic awareness raising as a preventive measure and timely clarification of events have helped to keep the number of occupational accidents per thousand full-time employees at the prior year's level (see table p. 58). At 17 accidents per 1,000 full-time employees per year, the incidence rate is well below that of comparable sectors (such as the insurance industry). A little over a third of all occupational accidents occurred in offices and when working from home. However, these caused only a small number of days of absence or absences from work, as the majority of accidents were minor accidents (i.e. accidents that did not result in absence from work or absence from work of no more than three days).

The most frequent causes of accidents are carelessness, tripping, slipping or falling. These accidents generally affect the extremities. Measures to raise employees' awareness conducted with the involvement of managers are having an effect.

The number and risk of occupational illnesses (pursuant to UVG) are minimal at Swisscom. In the

current year, Suva recognised only one case at Swisscom as an occupational disease, but it did not consider Swisscom, as the current employer, to be partly responsible for it. It is also pleasing to note that there were no fatal occupational accidents in the 2018 reporting period.

Number respectively as indicated	2016			2017			2018		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Illness and accidents (S+A)									
Regular working days in FTE	3,386,048	1,136,883	**4,522,931**	3,229,991	997,344	**4,227,335**	3,130,289	934,895	**4,065,183**
Days lost due to illness (w/o work-related illness)	70,686	48,164	**118,850**	68,977	40,240	**109,217**	66,143	38,138	**104,281**
Days lost due to work-related illness	–		**–**	19		**19**	8	180	**188**
Days lost due to work-related accidents	2,867	292	**3,159**	2,786	504	**3,290**	2,653	488	**3,142**
Days lost due to non-work-related accidents	12,871	3,632	**16,503**	12,838	3,991	**16,829**	12,764	3,862	**16,626**
Days lost total (S+A)	86,424	52,088	**138,512**	84,620	44,735	**129,355**	81,569	42,669	**124,238**
Number of cases of illness	17,236	9,841	**27,077**	15,408	8,272	**23,680**	15,401	7,629	**23,030**
Work-related accidents	238	36	**274**	261	38	**299**	248	30	**278**
Number of non-work-related accidents	1,933	634	**2,567**	1,896	619	**2,515**	1,877	568	**2,445**
Total cases [1]	19,407	10,511	**29,918**	17,565	8,929	**26,494**	17,526	8,227	**25,753**
Share of days lost due to illness (w/o work-related illness)	2.09%	4.24%	**2.63%**	2.13%	4.03%	**2.58%**	2.12%	4.08%	**2.57%**
Share of days lost due to work-related illness			**0.0000%**			**0.0010%**			**0.005%**
Number of work-related accidents	0.08%	0.03%	**0.07%**	0.09%	0.05%	**0.08%**	0.09%	0.05%	**0.08%**
Share of days lost due to non-work-related accidents	0.38%	0.32%	**0.36%**	0.40%	0.40%	**0.40%**	0.41%	0.41%	**0.41%**
Rate of days lost total (S+A) in %	2.56%	4.58%	**3.07%**	2.62%	4.48%	**3.06%**	2.61%	4.56%	**3.06%**
Work-related deaths			–			**–**			–
Net presence in FTE	135,645	43,888	**179,533**	132,657	40,969	**173,626**	127,362	37,950	**165,312**
Total productive hours performed	23,063,332	7,490,400	**30,554,722**	22,314,302	6,921,116	**29,235,418**	21,473,128	6,432,428	**27,905,556**
Productive time per FTE in hours	1,738	1,687	**1,725**	1,741	1,756	**1,744**	1,734	1,749	**1,738**

1 Failure of working time which generates medical costs

Employees with illnesses that are highly likely to be related to their professional activities

To achieve its prevention goals, Swisscom offers numerous initiatives and programmes within the framework of occupational health management (OHM). For example, members of management and employees with a time registration waiver are regularly invited to health checks in order to detect health problems at an early stage. Other prevention services are offered in collaboration with competent partners such as the Swiss Nutrition Society, Suva (risks in free time), the Swiss Lung League (smoking cessation services) and Pro Mente Sana (mental health). Internally, the Leadership Academy provides a health offering for managers. OHM is successfully breaking new ground in communicating prevention topics by the use of online formats: for example, by launching podcasts and webinars on mental health, nutrition and presence management.

Goal 3
GOOD HEALTH AND WELL-BEING

In a selection process, around 1,100 Swisscom employees expressed an interest in the six-week iCope online training course on the topic of stress management. Some 541 employees were eventually given the opportunity to learn how to deal with stress situations thanks to iCope. Initial evaluations show that the participants were able to become better at dealing with stress in the long term.

Swisscom runs an independent advisory centre (Care Gate) to answer questions relating to health and social issues. Employees and managers receive professional and confidential advice from Care Gate via telephone, e-mail and videoconferencing.

In 2018, the absence rate was 3.06% (prior year: 3.06%). The number of absences fell by around 2.8% year-on-year, but the duration of the individual absences increased.

In the case of long-term absences, there was a reduction in the number of cases, but a significant rise in the average length of absence. Approximately 1/8 of the absences are due to non-occupational accidents (NOAs).
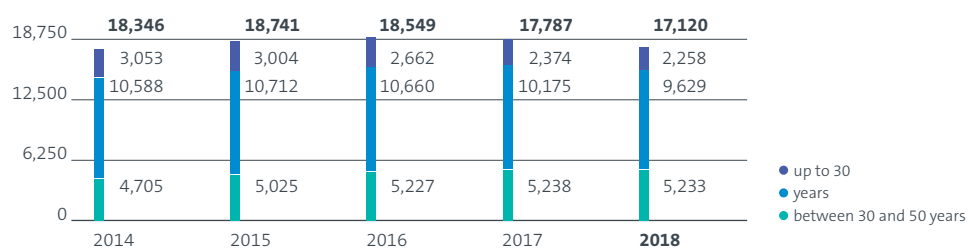
Swisscom operates neither in areas nor in countries with a high risk of communicable diseases nor those in which communicable diseases are particularly common.

Health and safety issues covered by formal agreements with trade unions

The collective employment agreement that Swisscom has concluded with its social partners, the syndicom trade union and the transfair personnel association, expressly sets out occupational health measures. For instance, the partners have together revised the "On/Off" guideline. This regulates how to handle the readiness to be "always on" – to be available around the clock due to the availability of digital working tools. An operational group solution supports the individual areas with guidelines and implementation instruments in order to guarantee occupational health and safety requirements and systematically reduce work-related accidents and illnesses. Staff representatives are also involved at all stages in the creation of hazard portfolios, risk assessments and the implementation of workplace controls.

Employee age structure
in headcount (HC)

	2014	2015	2016	2017	2018
Total	18,346	18,741	18,549	17,787	17,120
up to 30 years	3,053	3,004	2,662	2,374	2,258
between 30 and 50 years	10,588	10,712	10,660	10,175	9,629
	4,705	5,025	5,227	5,238	5,233

Number respectively as indicated	2016 Male	2016 Female	2016 Total	2017 Male	2017 Female	2017 Total	2018 Male	2018 Female	2018 Total
Total workforce in Switzerland									
Average workforce FTE			**18,750**			**18,039**			**17,363**
Workforce end of year FTE			**18,372**			**17,688**			**17,147**
Reporting limit in Switzerland according to the personnel information system									
Coverage report limit			**93%**			**95%**			**95%**
Average workforce FTE	13,273	4,439	**17,712**	13,047	4,117	**17,164**	12,610	3,845	**16,455**
Employees in FTE per end of December	13,273	4,291	**17,563**	12,856	3,975	**16,831**	12,448	3,759	**16,207**
in headcount (HC)	13,579	4,970	**18,549**	13,163	4,624	**17,787**	12,755	4,365	**17,120**
Temporary positions (HC)	1,121	387	**1,508**	1,141	376	**1,517**	1,074	389	**1,463**
Permanent work contracts (HC)	48	18	**66**	39	25	**64**	32	25	**57**
Temporary work contracts (HC)	13,531	4,952	**18,483**	13,124	4,599	**17,723**	12,723	4,340	**17,063**
Gender ratio (HC)	73.2%	26.8%	**100.0%**	74.0%	26.0%	**100.0%**	74.5%	25.5%	**100.0%**
Full-time employment (HC)	12,121	2,796	**14,917**	11,705	2,525	**14,230**	11,279	2,378	**13,657**
Part-time employment (HC)	1,458	2,174	**3,632**	1,458	2,099	**3,557**	1,476	1,987	**3,463**
Ratio full time employees (HC)	89.3%	56.3%	**80.4%**	88.9%	54.6%	**80.0%**	88.4%	54.5%	**79.8%**
Ratio part time employees (HC)	10.7%	43.7%	**19.6%**	11.1%	45.4%	**20.0%**	11.6%	45.5%	**20.2%**
Employees in collective employement agreement (CEA)	10,811	4,581	**15,392**	10,407	4,258	**14,665**	10,036	4,003	**14,039**
Rate collective labour agreement (CEA) to total workforce	79.6%	92.2%	**83.0%**	79.1%	92.1%	**82.4%**	78.7%	91.7%	**82.0%**
Top Management (HC)	82	8	**90**	81	3	**84**	75	5	**80**
Management (HC)	2,686	381	**3,067**	2,675	363	**3,038**	2,644	357	**3,001**
Rate of employees within Management (HC)	87.7%	12.3%	**100.0%**	88.3%	11.7%	**100.0%**	88.3%	11.7%	**100.0%**

Number respectively as indicated		2016			2017			2018	
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Fluctuation in Switzerland									
Average age	43.4	40.4	**42.6**	43.7	40.8	**42.9**	43.8	41.1	**43.1**
Leavings [1]	1,094	569	**1,663**	1,439	712	**2,151**	1,643	686	**2,329**
Leavings < 30 years [1]	214	175	**389**	262	219	**481**	237	158	**395**
Leavings 30 – 50 years [1]	584	266	**850**	730	321	**1,051**	866	375	**1,241**
Leavings > 50 years [1]	296	128	**424**	447	172	**619**	540	153	**693**
Rate of leavings < 30 years	19.6%	30.8%	**23.4%**	18.2%	30.8%	**22.4%**	14.4%	23.0%	**17.0%**
Rate of leavings 30 – 50 years	53.4%	46.7%	**51.1%**	50.7%	45.1%	**48.9%**	52.7%	54.7%	**53.3%**
Rate of leavings > 50 years [2]	27.1%	22.5%	**25.5%**	31.1%	24.2%	**28.8%**	32.9%	22.3%	**29.8%**
Enterings [1]	1,245	323	**1,568**	947	281	**1,228**	1,203	437	**1,640**
Enterings < 30 years [1]	356	171	**527**	336	126	**462**	429	217	**646**
Enterings 30 – 50 years [1]	783	140	**923**	529	132	**661**	622	187	**809**
Enterings > 50 years [1]	106	12	**118**	82	23	**105**	152	33	**185**
Rate of Enterings < 30 years	28.6%	52.9%	**33.6%**	35.5%	44.8%	**37.6%**	35.7%	49.7%	**39.4%**
Rate of Enterings 30 – 50 years	62.9%	43.3%	**58.9%**	55.9%	47.0%	**53.8%**	51.7%	42.8%	**49.3%**
Rate of Enterings > 50 years [2]	8.5%	3.7%	**7.5%**	8.7%	8.2%	**8.6%**	12.6%	7.6%	**11.3%**
Further KPIs									
Education and training days			**53,979**			**55,035**			**51,097**
Number of days training and education per employee (headcount)			**2.9**			**3.1**			**3.0**
Maternity and paternity leave	544	290	**834**	574	230	**804**	571	206	**777**
Total CEO compensation in kCHF			**1,833**			**1,868**			**1,829**
Median salary in kCHF			**131**			**133**			**135**
Ratio CEO compensation / median salary			**14**			**14**			**14**
Variation of CEO compensation			**0.1%**			**1.9%**			**−2.1%**
Variation of median salary			**1.5%**			**1.5%**			**1.5%**
Minimum full time salary in kCHF according to the CEA			**52**			**52**			**52**
Peformance Dialogues [3]			**96.6%**			**95.0%**			**93.9%**

1 without fixed-term contracts of employment
2 without retirements

3 without apprentices

Fair supply chain

Swisscom's partners supply the company with goods and services worth over CHF 4 billion a year. Swisscom is committed to fair and efficient partnerships with suppliers who share its social and environmental objectives and its values. Swisscom works together with its suppliers to protect the environment and is aiming to improve the working conditions of more than two million people by 2025. To this end, Swisscom has entered into international partnerships which ensure that measures are implemented in close collaboration with suppliers.

Management approach

Swisscom is committed to improving the working conditions of its suppliers' employees and to ensuring compliance with social and environmental standards throughout the supply chain. It requires its direct suppliers and their subcontractors to commit to acting in a sustainable manner.

Goal 8
DECENT WORK AND ECONOMIC GROWTH

The principles that Swisscom observes are stipulated in its purchasing policy, which is defined by an overarching committee, the Swisscom Purchasing Board. The purchasing policy sets out the principles and procedures to be followed by the procurement organisations and stipulates the requirements that suppliers accept by signing the Corporate Responsibility Contract Annex (CRCA). Swisscom uses a structured risk management system to review suppliers' compliance with the requirements. It expanded this system on a conceptual level in 2016 and implemented it in the purchasing organisation. The system covers all risk areas along the supply chain.

☺ See **www.swisscom.ch/suppliers**

The measures to achieve a fair supply chain make an active contribution to risk management in the supply chain and are intended to ensure that potential risks are identified at an early stage or dealt with quickly if they occur. This avoids reputational damage and financial losses. This management approach has proven its worth over many years. It is lived and implemented successfully, and therefore is not currently in need of an update. Overall responsibility lies with the Head of Group Business Steering (GBS); in addition, a specialist unit is employed for operational business and strategic orientation.

The suppliers covered by risk management are suppliers from Switzerland, the EU and overseas (mainly North America and the Far East), most of whom are active in the ICT sector in the area of network infrastructure and goods.

With a score of 74 out of 100 in the supply chain rating of the Dow Jones Sustainability Index (prior year: 80) and is included on the Carbon Disclosure Project (CDP) Supplier and Climate A List. Swisscom once again ranks among the best telecommunications companies.

☺ See **www.swisscom.ch/GRI-2018**

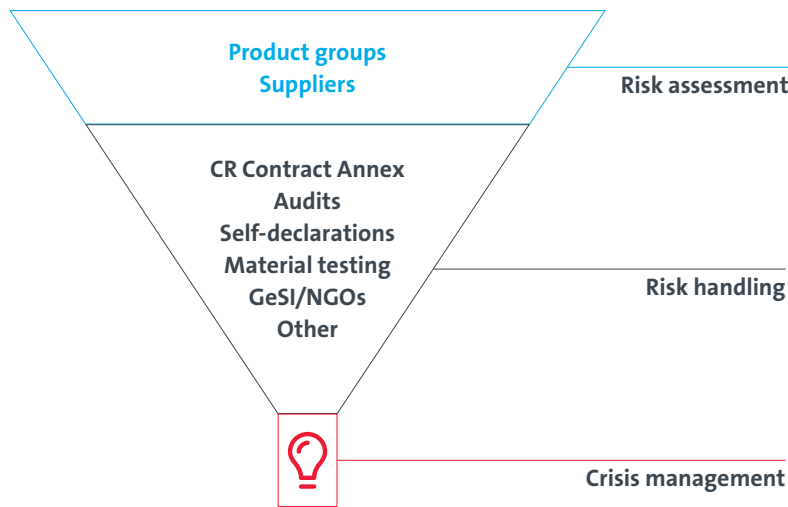## Supplier risk management

Risk management system

Swisscom has implemented supply chain risk management (SCRM 360) in recent years and further consolidated it in the year under review. The comprehensive SCRM 360 approach enables it to reduce the risks not only in terms of the environment and society, but also with regard to finances, security, logistics and quality. Swisscom continuously checks external data sources using individual, weighted score cards (featuring more than 50 risk indicators). If a top 100 supplier, strategic supplier or critical supplier or one of the numerous upstream suppliers breach a pre-defined threshold, the purchasing organisation is automatically notified. The top 100 suppliers are selected based on the following criteria: purchase volume, strategic importance and risk profile of the product groups.

Swisscom reviews and classifies product groups from the perspective of corporate responsibility on a regular basis. It decided to maintain the current risk structure and has completed a new critical revision of the list of suppliers in high-risk product groups. Of these, all of the major suppliers are already registered on the e-tasc platform. For potential supply partners and invitations to tender, Swisscom applies the in-phasing process, which was revised in 2017. In addition, the SRN (Supply Risk Network) platform enables a first estimate of a supplier's overall risk.

Risk management procedure in the supply chain

Swisscom does not assess the risk of all its supply partners. Instead, it uses a filtering process to deter-mine their effective risk potential at an early stage, while at the same time reducing the number of supply partners to be assessed. Swisscom covers the entire supplier portfolio with its risk management process.

Product groups
Suppliers

Risk assessment

CR Contract Annex
Audits
Self-declarations
Material testing
GeSI/NGOs
Other

Risk handling

Crisis management

Filtering process: risk management procedure in the supply chain

In the first stage of the filtering process, Swisscom assesses all product groups in terms of their environmental and social risks using clearly defined criteria, with the individual product groups being assigned to one of three risk profiles – low, medium or high.

In the second stage, Swisscom then identifies the supply partners whose goods have been assigned to the product groups with high and medium risk profiles, taking into account a criticality grid developed by Swisscom. Accordingly, it reviews the risks of these supply partners individually using clearly defined criteria. In addition to the risk profile of the product group, the procedure provides for other reasons for risk monitoring. Depending on the situation, Swisscom includes other suppliers in risk monitoring based on their risk profile. Where appropriate for risk avoidance purposes, the supply chain is also integrated into risk monitoring. Swisscom follows the same approach to determine the risks of potential supply partners. The results of the assessment are then taken into account when deciding on a possible collaboration.

Following this procedure, Swisscom had 430 suppliers, subcontractors and potential suppliers in almost 50 countries and approximately 80 supply chains with over 400 delivery paths under risk monitoring by mid-2018.

Overview and requirements of risk management in the supply chain

Risk profile suppliers[1]

Suppliers with high risk profile

Suppliers with medium risk profile

Suppliers with low risk profile

Risk profile product groups[2]

Product groups with low risks	Product groups with medium risks	Product groups with high risks

Conduct audits. Inclusion in EcoVadis

Check inclusion in EcoVadis

No measures

[1] The suppliers are classified according to the product groups.
[2] New suppliers, specific evaluations and re-evaluations take place via selective risk profile of the suppliers.

Self-declarations and self-assessments

Swisscom met its objective to assess 160 suppliers on the e-tasc platform in the spring of 2017. In 2018, it identified further suppliers who will be registered for the first time in 2019 and invited to an assessment. Swisscom consolidated and adjusted its portfolio during the reporting year. For example, Swisscom deactivated suppliers who had ceased to be relevant. They do, however, remain visible to other customers on the platform. Swisscom again carried out several accompanied reassessments during the reporting year. The suppliers concerned improved by an average of 8% versus the previous overall score as a result of the corresponding corrective measures. Swisscom suppliers scored 38% better than the suppliers registered on the platform worldwide (several thousand). Furthermore, the average overall score of all Swisscom suppliers increased. In 2019, Swisscom intends to conduct another critical review of the list of suppliers in high-risk product groups. In addition, it also completed a self-assessment of its own sustainability in 2018, which returned the result "low risk".

Audits

Swisscom has been a member of the Joint Audit Cooperation (JAC) since 2011. In 2018, it carried out five audits as part of its collaboration with the JAC. The JAC is a consortium of 16 telecoms enterprises which checks, assesses and promotes measures intended to safeguard social responsibility in the production centres of the major multinational ICT suppliers.

The audits identify negative social or environmental impacts and take appropriate measures to address them.

The following guidelines apply to the on-site audits:

- **Preparation:** audits are based on information on the company being audited that must be obtained in advance.
- **Qualified auditors:** audits are carried out by international auditing companies that have specialist knowledge of the social and environmental conditions particular to the country in question.
- **Confidentiality:** confidentiality agreements are signed with suppliers, so audit results are only known to JAC members.
- **Methodology:** the JAC members audit the companies using a checklist based on the SA 8000 (including in relation to working conditions, health and safety, environment, business ethics, management system) and ISO 14001 standards.
- **Report:** the report formulates the findings based on objective evidence.
- **Collaboration with suppliers:** the collaboration is based on the shared awareness that the management of corporate responsibility (CR) risks plays a decisive role in responsible, sustainable development.

- **Collaborating with and further developing suppliers:** on the basis of the findings from the audit, corrective measures are drawn up with suppliers to correct shortcomings. The respective JAC member follows the implementation of these measures until the official conclusion of the audit. Audit reports and corrective measures are processed on the common EcoVadis audit platform.

The JAC members set the audit agenda, check the audit reports and monitor the progress of the planned corrective measures in regular teleconferences. These regular conferences and the exchange of best practices help to improve the CR criteria assessments and make the JAC initiative more efficient. The JAC steering committee, which is made up of representatives from the top management level of the members' CR and sourcing areas, meets four times a year to review the audit campaign, decide on how to proceed and launch new projects.

In addition to the normal CR audits, the partner organisation Good World Solution (Elevate) conducted mobile surveys in 2018. Employees answered questions about working conditions outside the factories on their mobile phones. These mobile surveys are a survey method that offers a great deal of potential for the future. The JAC launched a total of 18 mobile surveys in the year under review.

The JAC initiative further developed its measures in 2018: these include the JAC Academy, which conducts targeted CR training at the premises of suppliers, and the JAC Awards, which honoured the best performance in the area of sustainable supply chain management for the second time in 2018. The certificates are awarded annually at the JAC CSR Forum in China. Some six suppliers from the Swisscom portfolio received awards. A working group is tackling the issue of the circular economy, the importance of which is continually increasing, particularly in relation to computer hardware.

Working conditions target

Swisscom aims to improve the social working conditions of two million people in its supply chain by 2025. To this end, it has intensified its international collaborations, such as the one it maintains with the JAC, to ensure that appropriate measures are implemented jointly with suppliers.

Audit results

In total, 116 audits of suppliers were carried out within the JAC network in 2018 (prior year: 89). The proportion of audits at supply partners (tier 2/3 suppliers) increased to 75%.

The audits involved production facilities, most of which are located in China, Taiwan, India, Japan, South Korea and South America. A limited number of instances of non-conformity and various types of

non-compliance were noted in the audits carried out in 2018. The instances of non-compliance mainly concern working hours, occupational safety, environment, wages and health and safety issues. The audits also identified several cases of discrimination and the employment of minors. The time period for rectifying the problems depends on the type of non-compliance. Due to the impact on the human resources of the company concerned, rectifying irregularities with respect to working hours in particular (e.g. limiting regular working hours and overtime) generally requires several months.

The JAC network has conducted a total of 482 audits in 33 countries on four continents since 2010.

The audits covered one million employees in total and identified 3,062 cases of shortcomings, with 437 cases yet to be resolved.

The table lists the shortcomings still outstanding in the reporting year:

Number of issues	2016	2017	2018
Health and safety	114	97	177
Working hours/overtime	52	63	84
Business ethics	67	37	49
Child and juvenile labour	7	2	6
Remuneration	20	11	24
Environment	34	28	56
Forced labour and discrimination	9	14	13
Disciplinary practice and freedom of association	0	5	6

In the year under review, the audits identified 768 weaknesses. Of those still outstanding, the majority are connected to issues involving working hours. The shortcomings in terms of the employment of young people relate to excess hours or night shifts, but not child labour. The cases of discrimination that have been highlighted involve cases of inadequate formalisation of contracts, but not forced labour. Environmental shortcomings refer to the storage of chemical products and the lack of environmental reports.

The individual JAC members are continuously addressing these shortcomings. The collected data is updated regularly and discussed in the steering committee.

Carbon Disclosure Project – supply chain programme

In the year under review, Swisscom continued its cooperation with the Carbon Disclosure Project (CDP). The CDP is a non-profit organisation founded in 2000. The organisation encourages companies to publish relevant environmental data, including data on harmful greenhouse gas emissions and water consumption. Once a year, the CDP, on behalf of investors, uses standardised questionnaires to collect information and data from companies on a voluntary basis as regards CO_2 emissions, climate risks and reduction goals and strategies. The CDP maintains the world's largest database of this kind.

As part of its cooperation with the CDP, Swisscom contacted and surveyed 71 (prior year: 62) of its key suppliers. The suppliers surveyed have a high order volume or a high degree of environmental relevance. The response rate was 92% (prior year: 91%), which again allowed the survey to be brought to a success-

ful conclusion. In the fourth quarter of 2018, the CDP analysed the responses and applied a scoring system to rate the suppliers who took part. The results are partially incorporated into the e-tasc platform from EcoVadis and used as a basis on which to comprehensively assess Swisscom's key suppliers.

As part of its new CR Strategy 2025, Swisscom is again pursuing a specific target in the area of climate protection. As the supply chain is responsible for a major portion of Scope 3 emissions, CO_2 emissions in the supply chain play a fundamental role in climate protection. Swisscom will again take part in the Action Exchange Programme (AEP) in 2019 as part of its work with the CDP and define specific development plans with individual suppliers. Thanks to the emission data that the CDP collects from suppliers, Swisscom has a reliable basis for determining reduction targets for itself as well as for its key suppliers.

GeSI – commitment

As part of GeSI, the Global e-Sustainability Initiative, the world's leading ICT providers are committed to sustainable change using new technologies. GeSI has strongly aligned its organisation and activities with the SDGs (Sustainable Development Goals). Swisscom works within the GeSI framework in a variety of projects, e.g. to promote fair and sustainable supply chains, requiring global cooperation. Swisscom also plays an active role in GeSI's CR projects. These projects include participation in the SDG study (Digital Access Index), the SMARTer2030 Report and the GeSI SystemTransformation Report; further development of the SASF (Sustainability Assessment Standard Framework), which will serve as a standard for the entire ICT industry in the future; and ongoing further development of e-tasc as an overarching

platform for carrying out self-assessments and supplier audits. As part of the +Better World Program, Swisscom is helping to systematically develop selected suppliers in various disciplines.
☻ See **www.gesi.org**

Main risk factors in the supply chain

Human rights
Swisscom attaches great importance to the observance of human rights in the areas specified by the Social Accountability International (SAI) SA 8000 standard, which include child labour, forced labour, health and safety, freedom of association and the right to collective bargaining, discrimination, discipline, working hours and remuneration. In 2016, Swisscom published a new human resources policy on its website.
☻ See **www.swisscom.ch/humanrights**

Climate risks from CO_2 emissions
Climate change poses risks, e.g. in the form of increasing levels of precipitation as well as higher average temperatures and extreme meteorological events. These risks could compromise the manufacture of telecommunications products and network equipment and their transport into Switzerland, and thus have a negative effect on Swisscom's market opportunities and operations. Swisscom's greenhouse gas inventory shows that the majority of its CO_2 emissions are attributable to the supply chain – a fact Swisscom takes into account in its strategic priority on climate protection.

Raw materials
The raw materials contained in Swisscom's various products come from a wide range of countries and regions. Questions are increasingly being raised on the origin of the raw materials used and the associated environmental and sociological risks. Swisscom is addressing the issue of raw materials and has implemented the following measures in this regard in recent years:

- **January 2012:** Swisscom became a member of the World Resources Forum Association (WRFA) through its membership in the Global e-Sustainability Initiative (GeSI).
- **March 2012:** inaugural meeting of the WRFA, at the meetings of which Swisscom represents the GeSI.
- **March/October 2013:** participation in the Annual General Meetings of the WRFA in St. Gallen and the WRFA in Davos.
- **October 2013:** dialogue with the NGO Brot für alle and participation in the "High Tech – No Rights" symposium in Berne.
☻ See **www.wrforum.org**

- **2014/15:** preliminary enquiry into a partnership with Fairphone.

- **March 2016:** marketing of Fairphone via an indirect sales channel. Dutch start-up Fairphone hopes to shake up the telecommunications sector with its smartphone, which is manufactured in accordance with fair trade principles. The focus is on the ethical extraction of raw materials, socially responsible production conditions and the longevity of the product. Fairphone sought out Swisscom as a sustainable partner.
- **May 2016:** as part of their "Stop benzene" petition in the summer of 2016, the two aid organisations Brot für alle and Fastenopfer raised awareness of the risks associated with using benzene in the manufacture of mobile phones. For this purpose, they compiled a ranking of the largest Swiss sellers of mobile phones and the measures they were taking against benzene, with Swisscom achieving the best result. As a reseller of mobile phones and tablets, Swisscom is committed to progressively improving sustainability and working conditions along the supply chain through its ongoing international cooperation with GeSI and the JAC.
- **Since 2017:** Swisscom's active collaboration on the Global e-Sustainability Initiative (GeSI) indirectly makes it a supporter of the Responsible Mining Initiative (RMI) of the Responsible Business Alliance (RBA). The goal of this initiative is to monitor the origin of conflict minerals more strictly.
☻ See **www.rba-online.org**

Corruption
In its internal guidelines, Swisscom has established a policy of zero tolerance in its approach towards corruption. The guidelines are implemented through regular training, reviews and audits across the Group. In addition, Swisscom also requires its suppliers to comply with these guidelines. Swisscom expects neither its own employees nor any of its suppliers to grant or accept any undue advantages. Infringements may result in disciplinary actions for Swisscom employees, up to and including dismissal. If it is established that a supplier violated anti-corruption laws, they are reprimanded and, as a last resort, removed from the supply chain.

Circular economy

As a reseller of mobile phones and a provider of routers and TV boxes, Swisscom plays an important role in the value chain on the Swiss market. The company must consequently tackle the sustainability opportunities of the circular economy in a constructive manner and use its market position to strengthen the circular economy. In doing so, Swisscom focuses on extending the service life (second life) of mobile phones in collaboration with private and business customers.

Swisscom customers can make an active contribution to a more sustainable supply chain. By using the second-life programmes Mobile Bonus and Mobile Aid as well as the repair service, they extend the

service life of their devices, thereby taking some of the strain off the supply chain. This also reduces environmental and social risks as fewer new devices have to be purchased and manufactured.

Swisscom offers its customers the right second-life programme for every eventuality. In line with their position in the value chain, the programmes are directed to where there is the greatest opportunity to exert influence. This is demonstrated by the success of the three different programmes. The challenge is to inform customers who are in an appropriate situation about the programmes and persuade them to use them.

The circular economy requires a holistic approach, as implementing it includes procurement, operations and customers. Several Swisscom business units are therefore responsible for the circular economy, with a joint working group comprising Group Business Steering (GBS) and Group Communications & Responsibility (GCR) responsible for control and coordination.

Goal 12
RESPONSIBLE CONSUMPTION AND PRODUCTION

- **Repair service in Repair Centres:** one in five mobile phones purchased from Swisscom will be repaired by Swisscom at least once during its lifetime. If a phone is sent in to the manufacturer for repair, the service takes nine days on average. This is precisely where the new Swisscom Repair Centres come in: damaged mobile phones can be repaired directly on site in Swisscom Shops within 24 hours, or in as few as three hours using the express service (subject to charge). 14% of all customers use this express service. The manufacturer's warranty remains intact thanks to the certified specialists involved and the use of original parts. Most repairs relate to cracked displays or battery and software problems. Swisscom ran a total of nine Repair Centres in 2018, at the sites in Zurich, Winterthur, Lausanne, Lucerne, Geneva, Berne, Basel, Fribourg and St. Gallen. Swisscom carries out almost 140,000 repairs annually, a quarter of which are already performed at the nine Repair Centres.
- **Recycling of devices:** by law, Swisscom provides a two-year guarantee on all devices, such as telephones, modems, mobile phones and mobile unlimited USB modems. In addition, any electronic devices from its range can be returned to the company, and routers are re-used wherever possible.

⊕ See **www.swico.ch** (in German and French)

Recycling is performed in conjunction 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.

⊕ See **www.swisscom.ch/mobileaid**

- **Swisscom Mobile Aid:** around 87,000 mobile handsets were returned to Swisscom in 2018. The return rate of used mobile handsets increased compared with the previous year and amounted to 9.9% (prior year: 8.0%). Swisscom managed to sell approximately 30% of these devices via a third-party company in countries where there is demand for low-priced second-hand devices. All proceeds from the sales went to the social enterprise Réalise and the SOS-Kinderdorf Schweiz relief organisation. The devices collected are inspected and sorted by the social enterprise Réalise in Geneva. This organisation separates working devices from faulty ones, then deletes the data from working devices and prepares them for resale. Devices that can no longer be sold are professionally recycled by a SWICO-licensed company. The initial stage is carried out by the recycling company Solenthaler Recycling AG together with Dock Gruppe AG. Dock Gruppe AG helps long-term unemployed people to reintegrate into the workforce.
- **Swisscom Mobile Bonus:** Swisscom continued the Swisscom Mobile Bonus programme in 2018. Customers and non-customers can sell back their used devices at market prices online or in Swisscom Shops. Mobile Bonus increases the return rate. The Mobile Bonus Business programme is available to business customers.
- **Device packaging:** Swisscom continues to send TV and Internet boxes as parcel post. It has changed the packaging, with recycled material being chosen over virgin fibres. According to information provided by the manufacturer, this saves up to 60% of the energy and up to 70% of the water consumed in its manufacture, and reduces CO_2 emissions and waste. Swisscom also now uses a decorative design for the packaging, which offers added value to its customers. The packaging can be used as a gift or storage box, giving it a meaningful second use.

Networked Switzerland

Swisscom plans to provide ultra-fast broadband coverage (at least 100 Mbps) to 85% of homes and offices by 2020, with 99% of the population enjoying ultra-fast mobile broadband. Through its investments in Switzerland, Swisscom is making an indirect contribution to the country's GDP of around CHF 30 billion over the period 2014 to 2020 – in addition to direct added value – and is thus contributing to the creation and preservation of jobs in Switzerland.

Management approach

Swisscom's investments not only create around CHF 5 billion a year of added value for itself, but also benefit other companies and thus indirectly constitute an important contribution to Switzerland's competitiveness and prosperity.

The network is at the very heart of Swisscom. Without an efficient infrastructure, Swisscom would not be in a position to offer its tried-and-tested services and support Switzerland, the Swiss population and local companies in the digitisation process.

At Swisscom, the IT, Network & Infrastructure division, headed by the CIO and CTO of Swisscom, is responsible for expanding the network. Its approximately 4,000 employees ensure that Swisscom offers its customers an optimal mix of technologies and that customers can easily make the most of their opportunities in the networked world. Swisscom therefore aims to be the first telecommunications provider in Switzerland to make innovations available to its customers and to meet their needs throughout Switzerland. Swisscom intends to supply 90% of Swiss households in building zones with speeds of at least 80 Mbps via the fixed network by the end of 2021. 5G is set to become the next-generation operating system for the digitisation of mobile communications. Swisscom already offers broadband Internet to 97% of Swiss homes and businesses, and, in mobile communications, 4G, 3G and 2G reach 99% of the Swiss population. Swisscom's services are rated as very good by international standards. For example, international independent tests regularly show that Swisscom's mobile network occupies a leading position within Switzerland, as well as in a country comparison of Germany, Austria and Switzerland.

Infrastructure competition in Switzerland remains intense. Swisscom will continue to have to prevail over other mobile communications providers, cable network operators and electricity providers. It is therefore investing CHF 1.6 billion annually in its infrastructure, the highest level of investment in Switzerland.

Goal 8
DECENT WORK AND ECONOMIC GROWTH

Impact of investments by telecommunications companies on gross domestic product (GDP) and employment

The Boston Consulting Group (BCG) calculated the impact of investments by telecommunications companies on gross domestic product (GDP) and employment – two key macroeconomic indicators – on behalf of the European Telecommunications Network Operators' Association (ETNO). The calculations were based on eleven academic studies, five of which focused on the impact of telecommunications companies on GDP and six on the impact on employment levels. In collaboration with the BCG, Swisscom applied the calculation model and findings of all eleven studies to its own situation. Swisscom's impact on employment in Switzerland as calculated by the BCG is 1.8 times lower compared with other countries due to the fact that salaries in Switzerland are particularly high, meaning that less jobs can be created for each franc invested (calculations are based on the annual average salary).

Investments by Swisscom in the billions

In 2018, Swisscom again invested around CHF 1.6 billion in Switzerland. Swisscom is planning to make further investments in Switzerland worth billions of Swiss francs between 2019 and the end of 2020. According to the BCG model, Swisscom will thus indirectly contribute more than CHF 30 billion to GDP in the period from 2014 to 2020, in addition to the total added value of around CHF 35 billion it will create for itself (CHF 5 billion per year over a period of seven years). According to interim results, Swisscom has already contributed CHF 23 billion in indirect added value after five years. This already puts Swisscom at three-quarters of the total estimated added value after five out of the seven years. By maintaining approximately the same level of investment over the next two years, Swisscom will exceed the estimated figures for the period 2014 to

2020 and contribute to the creation and preservation of jobs in Switzerland.

The achievement of targets will be assessed and measured as part of the business plan process and through the annual segment information and statements of added value as published in the Annual Report. If necessary, the BCG will review the calculation model and adapt it in line with new research findings.

The "Networked Switzerland" section in this Sustainability Report relates to the "Infrastructure" section in the Annual Report, page 23.

Basic service provision

Comprehensive network coverage

Swisscom is responsible for providing basic telecoms services in Switzerland, and has been mandated to do

so until the end of 2022 in accordance with the newly issued universal service licence. The purpose of the mandate is the provision of network access throughout Switzerland, primarily voice telephony and broadband Internet access. The guaranteed minimum transmission speed for a broadband Internet connection is 3 Mbps (downloads) and 300 Kbps (uploads). The price ceiling for this service (including fixed-line telephony) is CHF 55 per month (excluding VAT).

Goal 9
INDUSTRY, INNOVATION AND INFRASTRUCTURE

The basic service provision for which Swisscom has long been responsible also includes providing special services for people with disabilities. Swisscom currently foregoes any financial compensation for the uncovered costs of basic service provision.

	Unit	2016	2017	2018
Number of public payphones [1]	Number	3,553	2,960	1,181
Emergency calls	in thousand	2,740	2,799	2,824
Calls to the service for visually and hearing impaired	in thousand	372	349	293

1 Of which 2'451 (2017), 2'844 (2016) within the scope of basic service provision.

As of 2018 public payphones are no longer included in the basic telecom service.

Supply to alpine businesses and SAC chalets

The Swiss Alpine Club (SAC), the Swiss Alpine Economy Association (SAV) and Swisscom forged a partnership in 2017 to enable alpine businesses and chalets to connect to the communication of the future. The associations will support alpine businesses and SAC chalets with their power supply, while Swisscom will see to the conversion to future-oriented IP technology.

Net neutrality

Together with other network operators and the Suissedigital and asut associations, Swisscom drew up a code of conduct for an open Internet in 2014. The signatories of the code of conduct have made a public commitment to an open Internet. The code lays down that all users in Switzerland should be able to use the content, services, applications, hardware and software of their choice. Subject to regulatory requirements, no services or applications are therefore blocked or impeded by Swisscom, and freedom of information and free expression of opinion are not limited in any way on the Internet. The signatories of the code of conduct also set up an independent ombudsman's office in 2015. Users who believe that their service provider has breached the code of conduct can contact the net neutrality ombudsman's office if the issue is not resolved in prior discussions with the network operator. To date, eight petitions have been received, not all of which fall within the purview of the ombudsman's office. None have so far

been considered by the ombudsman's office to have violated net neutrality.

Internet of Things

Following the national expansion of the Low Power Network, Swisscom is establishing further national networks for the Internet of Things using the two mobile communications-based technologies Narrow Band-IoT and LTE Cat M1. Swisscom is deliberately adopting a mix of technologies in order to enable its customers to use all the applications of the Internet of Things, allowing them to focus fully on their applications. The three networks form the basis for connecting millions of objects, including bikes, electricity meters, environmental sensors, valuables, cars and building technology.

Goal 9
INDUSTRY, INNOVATION AND INFRASTRUCTURE

The Internet of Things lays the foundation for smart cities, energy-efficient buildings, machine-to-machine networking and new digital applications, since it allows infrastructure, devices and things to network and communicate with one another – and makes the process tangible for users by answering questions such as: Where is an object? Is it moving or still? How warm is it? How high is its fluid level? Is there the risk of an operational failure? The Internet of Things thus enables efficient and forward-looking management and helps to conserve resources and administer them in the best way possible. Swisscom supports companies to digitise their operations and develop applica-

tions relating to the Internet of Things. The Internet of Things is clearly changing the way things are developed. Products are no longer isolated objects; instead they can be extended to create advanced services through interconnectivity. For example, this approach means that a heating manufacturer can offer all manner of services relating to heating, and a manufacturer of sun protection devices can offer comprehensive shading solutions.

☺ See **www.lora-alliance.org**

Innovation and development

At Swisscom, innovation takes place in all areas of the company as well as beyond. One of the main drivers of economic sustainability is innovation, which is also an important lever that makes it possible to remain relevant in the core business, generate growth in new markets and digitise internal work processes. Swisscom is focusing its innovation activities on seven areas of innovation, which in turn directly help the Group achieve its goals.

Management approach

Swisscom's business environment is rapidly changing, so innovation and development – i.e. the commercially successful implementation of new ideas – are becoming increasingly important. Innovation is a fundamental driver of economic sustainability. Swisscom now derives much of its revenue from products that are only a few years old. Innovation is also an important lever that makes it possible to remain relevant in the core business, generate growth in new markets and digitise internal work processes. Swisscom strives to anticipate strategic challenges, new growth areas and future customer needs at an early stage. Innovations are therefore driven by various approaches such as "open innovation", "cooperation", "ventures" and "enabling services". It follows that innovation takes place in all areas of Swisscom and beyond, driven by partnerships with, for example, universities, start-ups and established technology companies. These are important success factors for actively shaping the ICT future in Switzerland.

Success factor "open innovation"

Swisscom recognises the importance of maintaining a dialogue with customers, employees, suppliers and other partners, since this enables a continuous, open process of innovation with the focus on customers and their needs by means of a human-centred design approach. Swisscom thus creates simple, inspiring experiences and supports its customers in the digital world, collaborating closely with Creaholic to achieve this. In 2017, the two partners jointly founded an innovation house in Biel/Bienne.

Within the company, Swisscom cultivates and promotes decentralised product development. As a result, new ideas are generated throughout the company. Various events and platforms provide employees with the opportunity to exchange trendsetting ideas and familiarise themselves with best practice examples. One example is the annual Innovation Week, during which teams of employees from different divisions implement a new idea that addresses a specific customer need, is relevant to the business and has potential on the market.

Three years ago, Swisscom launched the intrapreneurship programme Swisscom Kickbox, which supports pioneers from within the company. Kickbox provides interested employees with the necessary tools to develop an idea into a prototype, including starting credit, a time frame and the contact details of innovation experts. Since 2017, the program has also been offered to other companies, who receive an introduction from Swisscom under the auspices of the Kickbox Academy. The pioneers then exchange ideas via the innovation platform and become part of a cross-company Open Innovation Community. In addition to Swisscom, SBB, Swiss Post, Axpo and Bâloise have already joined this community.
☺ See **www.getkickbox.com**

The Swisscom StartUp Challenge was held for the sixth time in 2018. The prize is a one-week mentoring programme in Silicon Valley. Swisscom's internal FinTech cluster has been collaborating with start-up companies in the financial industry since 2016. Swisscom is also making targeted investments in promising FinTech start-ups and is pressing ahead with collaborations in innovative digital banking services. The FinTech cluster focuses on financial marketplaces, trust services and blockchain technology applications for the financial industry.

Swisscom has operated in Silicon Valley since 1998. Its branch office carries out targeted trend and technology scouting and helps Swisscom to remain at the forefront of technological development via collaborations with start-ups. Swisscom has also had a branch office in Berlin since 2017 and in Shanghai since 2018. The objective is to scrutinise new business ideas and models and anticipate technology trends at an early

stage. In addition to national initiatives, Swisscom is actively involved in international committees working on tomorrow's technologies: e.g. in the GSMA on the standardisation of eSim.

⊕ See **www.swisscom.ch/innovation**

Success factor "cooperation"

Swisscom plays an active role in shaping Switzerland's future. Its commitment to fostering an innovative and competitive Switzerland is reflected in the backing it gives to a whole variety of projects. Swisscom supports Switzerland's role as a research centre by making investments and engaging in partnerships with universities and institutions. For example, it funds the chair of Professor Adrian Perrig, head of the Network Security Group at the Federal Institute of Technology in Zurich (ETH), thereby making an important contribution to information security in Switzerland. As a partner of the Federal Institute of Technology Lausanne (EPFL), Swisscom enables research work to be performed in the areas of artificial intelligence, IoT, human activity and the smart home ("smart living") as well as 5G for Switzerland. The partnership involves providing financial support for selected projects, establishing the Digital Lab (a competence centre for digitisation at the EPFL Innovation Park), and various other campus activities, such as events dealing with digitisation. Swisscom also collaborates with the Institute for Financial Services (IFZ) at Lucerne University of Applied Sciences and Arts and supports FinTech research activities.

Swisscom is also a partner of the Swiss Innovation Park and is closely involved in guiding this long-term project as a member of the Board of Trustees. Swisscom is supporting research in the field of energy through its participation in the regional innovAARE Park. Swisscom is also a technology and infrastructure partner of the regional location of Biel/Bienne. Finally, Swisscom is a founding member of the Digital Switzerland Initiative (previously known as Digital Zurich 2025), the aim of which is to position Switzerland as an attractive location for start-ups. It also supports initiatives such as Venture Kick, Impact Hub Zurich and Berne, incubators such as be-advanced and BlueLion, and cooperates with the Institute for Young Enterprises; in doing so, it cultivates a dynamic environment for start-ups.

Swisscom is also a founding member of the Smart City Hub, which was founded in August 2018 and brings together cities, universities and companies. The association's objective is to intensify exchanges on all aspects of smart cities.

Since summer 2017, Swisscom has been represented by its CEO Urs Schaeppi on the Federal Council's newly established Digital Transformation advisory committee, which promotes exchange between politics, business and science. Swisscom provides the Federal Council with expert advice on important digitisation issues.

Success factor "ventures"

Outside the company, Swisscom promotes innovation throughout the industry. In particular, Swisscom is committed to supporting start-up companies that offer progressive solutions in the fields of IT, communications and entertainment. Swisscom participates in start-ups as a project partner and investor, supports them by providing tailored products and services, and offers them access to infrastructures and markets. Since its inception in 2007, Swisscom Ventures has invested in around 50 start-ups, thus contributing to the creation of some 1,000 high-skilled jobs in Switzerland. 23 of these start-ups have since been sold. Together with institutional investors, Swisscom founded the Digital Transformation Fund in 2018, which has some CHF 150 million in capital. Swisscom itself is providing an additional CHF 50 million, which it is making available for investments in the start-ups concerned in parallel to the Digital Transformation Fund. This provides start-up companies with up to CHF 200 million in new innovation capital.
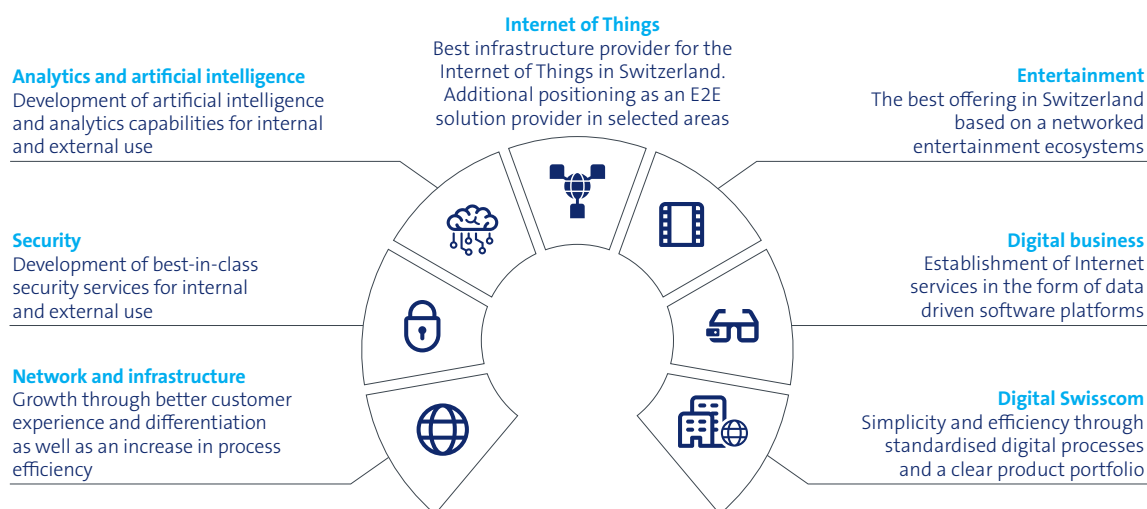
Success factor "enabling services"

Swisscom hopes to make its software technologies and infrastructure elements available internally by means of a strongly service-oriented procedure. It is confident of pressing ahead with the development of software solutions through standardisation and a self-service approach. By offering its developers all of the key working bases – from programming interfaces and hosting all the way through to technical support – "as a service", Swisscom is making its internal processes considerably faster, more streamlined and cost-effective.

To hasten and facilitate innovation, Swisscom is strongly committed to the BizDevOps model, in which development across business units becomes increasingly standardised. The model aims to achieve short, agile development cycles of a few weeks in order to introduce new functions quickly.

Innovation focused on specific topics

Swisscom is focusing its innovation activities on the following seven areas of innovation, which in turn directly help the Group achieve its goals:

Analytics and artificial intelligence
Development of artificial intelligence and analytics capabilities for internal and external use

Security
Development of best-in-class security services for internal and external use

Network and infrastructure
Growth through better customer experience and differentiation as well as an increase in process efficiency

Internet of Things
Best infrastructure provider for the Internet of Things in Switzerland. Additional positioning as an E2E solution provider in selected areas

Entertainment
The best offering in Switzerland based on a networked entertainment ecosystems

Digital business
Establishment of Internet services in the form of data driven software platforms

Digital Swisscom
Simplicity and efficiency through standardised digital processes and a clear product portfolio

Swisscom continually invests in progressive solutions in these areas of innovation. The aim is to provide the best ICT infrastructure for a digital Switzerland, tap new growth markets and offer its customers the best services and products:

Network and infrastructure

Swisscom is focusing on a technology mix so that the whole of Switzerland can benefit from the opportunities offered by the digital world, from cities to alpine huts throughout Switzerland. By means of All IP transformation, it is consistently pushing ahead with the strict separation of access technologies and services in its fixed network. Its innovative architecture also enables it to renew all components from the core network to the connection. Only a few suppliers worldwide are able to match the consistency with which it is pursuing this development. Swisscom is thus laying the foundations for the rapid introduction of new services in the future and is always ahead of other providers in making new developments available to its customers.

In the area of mobile communications, Swisscom has strongly promoted 5G as the next generation of mobile communications standards. In spring, Swisscom, together with the medical company Ypsomed, presented the first 5G applications based on fully digitised process chains, from the delivery of raw materials and the manufacture of products through to provision and delivery. For the first time, all hardware and software components were added directly via a 5G antenna. This was followed in the second half of the year by the first 5G test networks, in Burgdorf, Guttannen and Lucerne.

Swisscom has massively expanded its cloud offering with a multicloud approach in 2018. Customers have the choice of global public clouds as well as

Swisscom's own Enterprise Service Cloud, whose data storage facility leads the field in Switzerland. Swisscom helps companies migrate their IT to the cloud and hence to benefit from even greater agility, faster processes and lower costs. Swisscom also uses its own clouds for services such as MyCloud. The 5G mobile communications standard allows the network and the cloud to grow even closer together and opens up new possibilities for Swisscom and its customers.

Internet of Things

- **Nationwide networks in Switzerland for the Internet of Things (IoT):** Swisscom has further expanded its IoT portfolio. Together with the LTE-M and Narrow Band-IoT access technologies, it has added the Vodafone Global Data Service platforms to its connectivity management platforms. LTE M and Narrow Band-IoT are dedicated technologies for IoT applications and are a variant within the 4G/LTE standard. The low power network (LPN) now serves over 96% of the population. In 2018, Swisscom gained another cooperation partner in the shape of the SBB, which among other things, offers locations for network densification. The use of many new applications by customers is evidence of IoT's increasing momentum. Swisscom's broad IoT portfolio offers all the components needed to implement applications within Switzerland and abroad. Swisscom also supports companies and start-ups through various formats, such as Techie Tuesday (a technical consultation hour all about IoT) or the LPN Bootcamps, in order to make it possible for them to enter the IoT and develop it further.

- **Smart cities:** in 2018, Swisscom united the various initiatives within the company around the concept of smart cities to form a team and is expanding

this in line with the market. As part of the Carbosense IoT project, Swisscom, together with Empa, the Swiss Data Science Centre (SDSC) and Decentlab, has given an example of how the IoT helps cities and regions in making fact-based decisions. Swisscom has been actively involved in the establishment of the Smart City Hub as a way of channelling the smart city initiatives throughout Switzerland.

Analytics and artificial intelligence

- **Artificial intelligence (AI):** Swisscom makes targeted use of artificial intelligence to offer its customers an even better service. For example, AI is used in customer service, to detect network faults or to enhance the efficiency of internal processes. In addition, Swisscom uses AI and data analytics to help its customers evaluate data in a targeted manner.

Security

- **Security thanks to artificial intelligence:** threats from the Internet are constantly growing in number and becoming increasingly intelligent. Swisscom is already using artificial intelligence (AI) to help repel attacks by automatically detecting attacks and dangers and promptly initiating appropriate countermeasures to protect the company, its infrastructure and customers. As a result, Swisscom improves and accelerates everyday processes and makes the work of security experts easier. The AI-based procedure takes tangible form in the Swisscom 24/7 Security Operation Centre, which is offered as a service to business customers.

In addition, the Internet Guard service blocks an average of eight million accesses to dangerous websites per month, actively protecting Swisscom customers. Swisscom signed up to the Cybersecurity Tech Accord in 2018 and is as such publicly committed to providing its customers and users with the best possible protection against cyber-attacks and to raising awareness of network security and of self-protection capabilities.

Entertainment

- **eSports:** with the "Swisscom Hero League powered by ESL", Swisscom has founded its own Swiss eSports league in cooperation with ESL. This is aimed at both professionals and the population at large. Swisscom TV has also expanded its range by adding the eSports league, several game channels and an own game theme world. The theme world bundles the best gaming programmes, videos and apps from all sources on Swisscom TV. Swisscom is also constantly optimising all network components to meet the needs of gamers. In addition to high broadband coverage, these improvements include fast response times (ping) and high upload speeds. In order to fulfil its social responsibility, Swisscom's commitment to eSports also comprises

offers in the media skills programme. An edition of the digital guidebook "enter" was dedicated to games and eSports and a new course module for parents and teachers was developed. Swisscom sees games and developments in the gaming industry as not only a social trend, but also as drivers for the introduction of new technologies and an economic factor for Switzerland that should not be underestimated.

- **Swisscom TV:** the FIFA World Cup was the most important sporting event of 2018, and the quality of the broadcasts in Switzerland was unprecedented, since Swisscom TV customers were able to watch the matches on SRG channels (SRF, RTS and RSI) in ultra-high definition (UHD) and high dynamic range (HDR) for the first time. High dynamic range (HDR), when combined with UHD, enhances quality in a way viewers cannot fail to notice at once. UHD quadruples the number of pixels compared to HD, while HDR provides much higher contrast and a much wider colour spectrum. Televised images are not only sharper, but also feature a noticeable visual depth for the first time ever.

Digital Swisscom

To get ahead in a digital world, Swisscom must first digitise itself and become a model digital company. In 2018 it therefore again took consistent steps to digitise its network, its workplaces and its processes. Agile collaboration models and cloud-based production speed up innovation cycles, increasing the number of points of contact and enhancing customer proximity. One far-reaching consequence of digitisation – which can even be described as a paradigm shift – can be seen in new cooperation models with partners. Swisscom has entered into IoT-related cooperation agreements with SBB, Swiss Post and Neovac in order to rapidly consolidate the network via each partner's locations. Swisscom also works closely with selected partners on various network issues.

Swisscom is also taking the next step on the road to a smart cooperation culture by further developing its own workplaces. The introduction of a hybrid workplace environment – a combination of Microsoft Office 365 Cloud services and Swisscom's own data centre – simplifies access to data from any mobile and registered end device. In addition, the smart environment enhances usability and data security. Swisscom is making progress towards the working world of the future, playing an active part in the paradigm shift and gaining valuable experience from which its customers will ultimately benefit.

Swisscom has pressed further onward with the introduction of agile models, which include SAFe Frameworks and BizDevOps. They serve to promote and implement developments in faster innovation cycles both within Swisscom and in cooperation with customers. These cooperation models also offer employees interesting further training opportunities,

increase the attractiveness of the individual functions in the company and enable them to take advantage of all the opportunities offered by cloud-based development. The basis for this is the digitisation of networks, for example with All IP.

In 2018, Swisscom made even greater use of artificial intelligence (AI) in customer service. Customer advisors rely on adaptive algorithms to analyse and classify e-mails automatically. In network operations, AI helps to analyse potential disruptive factors and to rectify network problems automatically.

Digital business
In the field of digital business innovation, Swisscom supported developments within and outside its own company in 2018 by promoting intrapreneurship and by setting up joint ventures with strategic partners.

- **Kickbox:** expanding the in-house intrapreneurship programme and making it a cross-company innovation ecosystem providing employees with resources (for example, time and budget) to realise innovation projects.
- **FinTech:** launching three FinTech joint ventures together with partners. The Credit Exchange is a platform for the granting of mortgages. It brings together banks, insurers, pension funds and others, and enables end customers to choose the mortgage that represents the best value for them. Daura enables unlisted companies to register or issue equities via blockchain and to transfer them securely worldwide. Digitised shares of this kind make it possible for such companies to extend their circle of potential investors. Book-entry securities such as shares are becoming increasingly digitised. Daura is the first step towards making Swisscom a leading provider of digital property registration, custody and transfer services. The intended next step is that Custodigit AG should be established as a platform for regulated financial services, providing its end customers with a safe place to store their digital assets.
- **IoT – foundation of autoSense with AMAG: the company connects vehicles to the Internet.** With the autoSense app and a compact adapter, users gain direct access to valuable information about the journey and their vehicle. The service currently includes a logbook, remote diagnostics and warnings of engine problems. Additional digital services for refuelling and parking as well as tailor-made vehicle insurance are planned.
- **Digital identity:** in spring 2018, SwissSign Group AG was founded as the sponsor of SwissID. The company is widely supported by state-owned enterprises, finance and insurance companies. The shareholders want SwissID to become a means of establishing an open and simple system for digital identification. Swisscom has acquired a stake in the SwissSign Group.

In addition to its activities in innovation fields, Swisscom is constantly investigating the opportunities presented by new technologies, such as the disruptive blockchain technology, drones and robotics. The aim is for Swisscom to provide the best infrastructure for a digital Switzerland, tap new growth markets and offer its customers the best services and products.

Many Swiss SMEs have not generally benefited from digitisation up to now. Swisscom's subsidiary Directories Ltd (localsearch) helps SMEs in the digital world achieve success, enabling them to be found online, to acquire new customers and secure their loyalty; in these ways, localsearch helps SMEs use digital marketing to make their mark. Thanks to localsearch's MyPRESENCE, SMEs gain access to over 25 online services with just one central entry. MyPRESENCE was launched in November 2017 and has already amassed more than 5,000 customers. In addition, the local.ch and search.ch directories operated by localsearch have the most extensive reach in Switzerland.

☺ See **www.localsearch.ch**
☺ See **www.local.ch**

About this report

Scope of the report

Swisscom's Group structure is described in the "Group structure and shareholders" section of this year's Annual Report. A list of Group companies, comprising all the subsidiaries, associates and joint ventures, is provided in the Notes to the consolidated financial statements 2018 (Annual Report, page 153).

- **Principles:** The scope of the Sustainability Report according to standards of the Global Reporting Initiative (GRI) is generally defined as follows: Swisscom Ltd. and all subsidiaries domiciled in Switzerland which are fully consolidated in accordance with International Financial Reporting Standards (IFRS). This excludes the Group company CT Cinetrade Ltd. The participation in the Cinetrade Group is not included within the scope of the report due to the fact that its effect is immaterial and not all of the requirements listed in the section on management approaches apply. In line with GRI reporting requirements, acquisitions are included from 1 January of the following year after the date of acquisition and disposals up to the date of disposal. Group companies domiciled abroad and investments in associates and joint ventures are not included in the scope. Swisscom's most important foreign holding is Fastweb in Italy. Fastweb publishes its own sustainability report in line with GRI standards, "Core" option, which is reviewed by Bureau Veritas AG, an external, independent auditor. The closely related foundations comPlan (pension fund) and sovis (social foundation) are also not included in the scope.
- **Personnel information system:** In the year under review, the Swiss subsidiaries local search AG, CT Cinetrade Ltd, Mila AG, Swisscom Digital Technology SA, AdUnit AG, Swisscom Blockchain Ltd, Global IP Action AG, Custodigit AG and itnetX (Switzerland) AG were not included in the central HR compensation system, but in local, company-specific HR compensation systems. The central HR compensation system thus has a coverage ratio of 95% (prior year: 95%).
- **Environment:** the environmental key figures (especially regarding energy, water and waste water, emissions and waste) cover almost 100% of Swisscom's FTEs in Switzerland. This excludes the Group company CT Cinetrade Ltd. The CO_2 emissions of Fastweb are included, but are excluded from the calculation of the 2:1 target. The report therefore includes all buildings managed by Swisscom Real Estate in Switzerland as well as the vehicle fleet managed by Swisscom's Managed Mobility in Switzerland. As regards energy consumption, the data compilation system also encompasses Swisscom (Switzerland) Ltd's mobile base stations, proprietary production of solar energy and the transmitter stations Swisscom Broadcast Ltd operates in Switzerland and just across the Swiss borders. The consumption of third-party tenants is deducted from the total energy consumption. The data regarding emissions in the supply chain is based on a projection that takes account of 71 suppliers (prior year: 56) as well as audits carried out as part of the Joint Audit Cooperation (JAC). The data on which the projection is based and the audits account for 48% (prior year: 46%) of the order volume.
- **Social aspects:** the information on social relationships within the supply chain is based on audits carried out as part of the Joint Audit Cooperation (JAC) or on self-declarations and CR contract annexes. These annexes cover almost all suppliers. Swisscom attributes particular importance to the situation outside OECD countries.

Reporting: procedure and organisation

This Sustainability Report complies with the GRI principles on reporting. It therefore contains specific GRI standard information in addition to the general standard information. The recommendations of the SDG Compass were again taken into account and implemented. The SDG Compass is a joint guide produced by GRI, WBCSD and the UN Global Compact. It offers guidelines for determining contributions by companies to the SDGs as well as corresponding measures for implementation and disclosure. Swisscom also took into account the recommendations of the Task Force on Climate-related Financial Disclosures (TFCD) as far as possible in the section on energy efficiency and climate protection and in the Climate Report.

In the past few years, Swisscom has developed a clear understanding of the issues pertaining to its immediate environment. In addition, stakeholder groups present issues directly to Swisscom. We also use findings from current studies, market research, trend analyses and benchmark reports. All of these issues are included in the materiality matrix.

Swisscom involves its internal and external stakeholder groups in order to assess the importance they attach to their issues and to determine their strategic priorities. It has conducted a survey of representative stakeholder groups for the past three years, with response rates ranging from 70% to over 90%. It is now conducting a specific in-depth survey on environmental issues. The analysis of the responses is described in the introduction relating to the participation of stakeholder groups. The results of the materiality analyses and the responses from stakeholder groups make a significant contribution to the

formulation of the CR strategy and the definition of thematic focus areas. They form the basis for the report.

Swisscom often involves stakeholder groups in the corresponding validation of the issues in its reporting. During the year under review, for example, Swisscom had its Sustainability Report assessed by internal stakeholder groups, and also brought in an external partner to review the management approaches.

The processes and procedures to be used with some stakeholder groups can be defined directly wherever necessary. Swisscom collaborates with the Swiss Federal Office of Energy (SFOE), for instance, to provide information on its contribution to the "Exemplary Role of the Confederation in Energy" (ERCE) working group. In addition, it works with the Energy Agency of the Swiss Private Sector (EnAW) and WWF. In collaboration with other businesses in the ICT sector and in contact with the Federal Social Insurance Office (FSIO), Swisscom also makes a contribution to media skills in Switzerland.

During the year under review, Swisscom nurtured targeted relationships with the following stakeholder groups or held discussions on topics that are included in this report:

- **Customers:** surveys on topics including customer satisfaction (Annual Report, page 35).
- **Shareholders and external investors:** discussions on financial topics (revenue, dividends, etc.) at the Annual General Meeting on 6 April 2018 or at road shows (Financial Report). Swisscom also had contact with SRI fund managers or investors, e.g. in relation to governance topics or finance issues ("green bonds").
- **Public authorities:** dialogue with municipal authorities regarding the topic of antennas and transmitter stations (2018: 300 dialogues; see Sustainability Report, page 45), with cantonal authorities (once each per canton) and with members of parliament (twice a year) on topics such as roaming, the FTTH roll-out and the ICT environment.
- **Suppliers:** Swisscom maintains commercial relationships with its suppliers and further contacts within the framework of self-assessments and audits (see the section "Fair supply chain" in the Sustainability Report).
- **Employees and Employee Committees:** Swisscom meets once a month with the trade unions and the seven employee committees to discuss various topics, as laid down in the collective employment agreement (CEA) or stipulated in the Co-Determination Act. There are also two plenary meetings of the employee committees every year. Topic-specific ad-hoc meetings are also held that are organised in accordance with the participation table in the CEA (see the Annual Report, page 27 and the Sustainability Report, page 76).

- **Partners and NGOs:** two "leadership dialogues" and an exchange with partners within the framework of individual projects took place within the year under review.

The reporting process comprises the company brochure, the Annual Report, the Sustainability Report and the Climate Report. The Annual Report and the Sustainability Report are subject to the same internal validation stages and are validated by the Disclosure, Review and Audit Committees to ensure the quality of the disclosures. The Sustainability Report and the Climate Report are also verified externally.

SGS

CERTIFICATION

SGS CERTIFICATION of the Swisscom AG 2018 GRI Sustainability Report

SCOPE

SGS was commissioned by Swisscom to conduct an independent assurance of the GRI-based disclosure on sustainability in 2018. Our assurance scope included the GRI disclosure obligations and figures in accordance with the GRI Index included in the sustainability report. The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included all texts and 2018 data in accompanying tables contained in the printed Annual Report 2018, the Sustainability Report 2018 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 Standards, Version 2016 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 Standards, Version 2016. SGS has also certified the environmental management systems of Swisscom (Switzerland) Ltd., of Swisscom Broadcast Ltd. and of Cablex Ltd. in accordance with ISO 14001:2015. In addition the greenhouse gas inventory of Swisscom AG was verified by SGS according to ISO 14064.

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 2018 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 2016. The implementation of the GRI-relevant instructions was carried out at those parties involved, where Swisscom regarded them to be significant or feasible.

We believe that the sustainability report meets the requirements of the option "comprehensive" of the GRI Standard (2016) in accordance with the GRI Index.

SIGNED FOR AND ON BEHALF OF SGS

Albert von Däniken, Lead Auditor

Elvira Bieri, Lead Auditor

Zurich, 30.01.2019

www.SGS.COM

GRI Index

The GRI Index provides a standardised overview of reporting which is broken down by subject.

Indicators		Status	Reference MC = Management Commentary, SR = Sustainability Report, CG = Corporate Governance, RR = Remuneration Report, FS = Financial Statements or Website Swisscom
			Key: Indicator according to GRI Standards (within scope of the report) Ø =not relevant ☒ = not covered ☐ = partially covered ☑ = totally covered

102 General Disclosures
Organizational profile

Indicators		Status	Reference
102-1	Name of the organization	☑	FS P. 169 Notes to the financial statements: general information
102-2	Activities, brands, products and services	☑	MC P. 32 Brands, products and services
102-3	Location of headquarters	☑	See 102-1, CH-3048 Worblaufen
102-4	Location of operations	☑	CG P. 64 2 Group structure and shareholders; FS P. 153 5.4 Group companies
102-5	Ownership and legal form	☑	FS P. 169 Notes to the financial statements: general information
102-6	Markets served	☑	MC P. 20 Swiss market trends in telecoms and IT services
102-7	Scale of the organization	☑	MC P. 4 KPIs of Swisscom Group; MC P. 5 Business overview; MC P. 45 Financial review; CG P. 64 2 Group structure and shareholders
102-8	Information on employees and other workers	☑	MC P. 27 Employees; SR P. 59 Total workforce in Switzerland; SR P. 75 Scope of the report: Personnel information system
102-9	Supply Chain	☑	SR P. 8 Value chain, supply chain and key aspects of Corporate Responsibility; SR P. 61 Fair supply chain
102-10	Significant changes to the organization and its supply chain	☑	MC P. 64 2 Group structure and shareholders; No significant changes in the supply chain.
102-11	Precautionary principle or approach	☑	MC P. 60 Health and the environment; CG P. 98 Pension fund and fringe benefits; FS P. 144 Defined benefit plans; SR P. 24 Precautionary principle; SR P. 52 comPlan pension fund; SR P. 61 Supplier risk management
102-12	External initiatives	☑	www.swisscom.ch/cr-partnerships
102-13	Membership of associations	☑	SR P. 27 Public Affairs www.swisscom.ch/cr-partnerships

Strategy

Indicators		Status	Reference
102-14	Statement from senior decision maker	☑	MC P. 6 Shareholders' letter SR P. 4 Stakeholders' letter
102-15	Key impacts, risks, and opportunities	☑	Context: MC P. 17 General conditions; SR P. 6 Sustainable environment; Risks: MC P. 59 Risks; SR P. 65 Main risk factors in the supply chain; Chances: MC P. 32 Brands, products and services; SR P. 43 Work and life; Goals and strategy: MC P. 14 Corporate strategy; SR P. 14 Corporate Responsibility strategy

Ethics and integrity

Indicators		Status	Reference
102-16	Values, principles, standards, and norms of behaviour	☑	www.swisscom.ch/basicprinciples – Code of Conduct; SR P. 13 Vision; CG P. 78 4.9.3 Compliance management; SPAG: http://www.public-affairs.ch/de/standeskommission/standesregeln; Codex from Lisbon: https://prsuisse.ch/sites/default/files/basicfiles/kodex_von_lissabon_verhaltensno256.pdf SR P. 23 Ethics in the digital world
102-17	Mechanisms for advice and concerns about ethics	☑	SR P. 25 Compliance management; CG P. 78 4.9.3 Compliance management; CG P. 79 4.9.4 Internal auditing

Indicators		Status	Reference MC = Management Commentary, SR = Sustainability Report, CG = Corporate Governance, RR = Remuneration Report, FS = Financial Statements or Website Swisscom
			Key: Indicator according to GRI Standards (within scope of the report) Ø =not relevant ☒ = not covered ☐ = partially covered ☑ = totally covered

Governance

Indicators		Status	Reference
102-18	Governance structure	☑	SR P. 22 Corporate responsibility – governance and implementation; CG P. 64 2 Group structure and shareholders; CG P. 68 4 4 Board of Directors; CG P. 74 4.5 4.5 Internal organisation and modus operandi; CG P. 77 4.8 Assignment of powers of authority; CG P. 80 5 Group Executive Board
102-19	Delegating authority	☑	See GRI 102-18
102-20	Executive level responsibility for economic, environmental, and social topics	☑	See GRI 102-18
102-21	Consulting stakeholders on economic, environmental, and social topics	☑	CG P. 86 7.3 7.3 Convocation of the Annual General Meeting and agenda items; Internet contact page www.swisscom.ch/de/about/investoren/kontakt.html; See also Website https://ip-ho.computershare.ch/swisscom for registered shareholders of Swisscom.
102-22	Composition of the highest governance body and its committees	☑	CG P. 68 4 Board of Directors; CG P. 80 5 Group Executive Board
102-23	Chair of the highest governance body	☑	CG P. 68 4 Board of Directors; CG P. 80 5 Group Executive Board
102-24	Nominating and selecting the highest governance body	☑	CG P. 73 4.34.3 Election and term of office; CG P. 77 4.7 4.7 Committees of the Board of Directors: Nomination Committee
102-25	Conflicts of interest	☑	www.swisscom.ch/basicprinciples – Organisational Regulations; CG P. 77 4.9 Information and controlling instruments of the Board of Directors vis-à-vis the Group Executive Board
102-26	Role of highest governance body in setting purpose, values, and strategy	☑	www.swisscom.ch/basicprinciples – Organisational Regulations; See 102-18
102-27	Collective knowledge of highest governance body	☑	CG P. 74 4.5 Internal organisation and modus operandi
102-28	Evaluating the highest governance body's performance	☑	See 102-29, 102-32; Group Executive Board members were nominated as internal sponsors for the strategic priorities of the CR strategy; SR P. 22 Corporate responsibility – governance and implementation
102-29	Identifying and managing economic, environmental, and social impacts	☑	See 102-18, 102-22; SR P. 22 Corporate responsibility – governance and implementation; CG P. 77 4.9 Information and controlling instruments of the Board of Directors visa-vis the Group Executive Board
102-30	Effectiveness of risk management processes	☑	CG P. 77 4.9 Information and controlling instruments of the Board of Directors vis-à-vis the Group Executive Board; CG P. 78 4.9.1 Risk management; CG P. 79 4.9.4 Internal auditing
102-31	Review of economic, environmental, and social topics	☑	CG P. 77 4.9 Information and controlling instruments of the Board of Directors vis-à-vis the Group Executive Board: annual; CG P. 78 4.9.1 Risk management: quarterly at the Audit Committee; CG P. 78 4.9.2 Internal control system and financial reporting: quarterly at the Audit Committee; CG P. 78 4.9.3 Compliance management: quarterly at the Audit Committee; CG P. 79 4.9.4 Internal auditing: quarterly at the Audit Committee In urgent cases: contemporary
102-32	Highest governance body's role in sustainability reporting	☑	The Audit Committee from the Board of Directors is validating the report in two steps before the publication: An independent proxy is validating the Remuneration Report; The report is released by the Board of Directors; See 102-18
102-33	Communicating critical concerns	☑	CG P. 77 4.9 Information and controlling instruments of the Board of Directors vis-à-vis the Group Executive Board: The Chairman of the Audit Committee is informed in real time in urgent cases on new essential risk.
102-34	Nature and total number of critical concerns	☒	As a basic principle of the Whistleblowing anonymity is guaranteed, for this reason, Swisscom communicates neither the number nor other details about concerns.
102-35	Remuneration policies	☑	CG P. 95 3 Remuneration of the Group Executive Board
102-36	Process for determining remuneration	☑	FS P. 144 4.2 Key management compensation
102-37	Stakeholders' involvement in remuneration	☑	SR P. 10 Dialogue with stakeholder groups and strategic priorities; CG P. 86 7.3 Convocation of the Annual General Meeting and agenda items; Protocol
102-38	Annual total compensation ratio	☑	SR P. 59 Total workforce in Switzerland
102-39	Percentage increase in annual total compensation ratio	☑	SR P. 59 Total workforce in Switzerland

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Stakeholder engagement

102-40	List of stakeholder groups	☑	SR P. 10 Dialogue with stakeholder groups and strategic priorities
102-41	Collective bargaining agreements	☑	SR P. 59 Total workforce in Switzerland
102-42	Identifying and selecting stakeholders	☑	See 102-40
102-43	Approach to stakeholder engagement	☑	SR P. 8 Stakeholder involvement; See 102-46, 102-40
102-44	Key topics and concerns raised	☑	See 102-46, 102-40

Reporting practice

102-45	Entities included in the consolidated financial statements	☑	CG P. 64 2 Group structure and shareholders; FS P. 153 5.4 Group companies
102-46	Defining report content and topic boundaries	☑	SR P. 74 Scope of the report SR P. 74 Reporting: procedure and organisation
102-47	List of material topics	☑	SR P. 7 Stakeholder involvement; SR P. 12 Material issues, SR P. 12 Swisscom materiality matrix 2018; SR P. 74 Reporting: procedure and organisation
102-48	Restatements of information	☑	No "restatements" in 2018
102-49	Changes in reporting	☑	none
102-50	Reporting period	☑	01.01.2018–31.12.2018
102-51	Date of most recent report	☑	www.swisscom.ch/bericht2018
102-52	Reporting cycle	☑	annual
102-53	Contact point for questions regarding the report	☑	FS P. 181 Publishing details
102-54	Claims of reporting in accordance with the GRI Standards	☑	SR P. 3 Introduction It is structured in line with the Comprehensive option under GRI.
102-55	GRI content index	☑	SR P. 77 GRI Index
102-56	External assurance	☑	SR P. 76 SGS Certification

200 Economic Topics

103-1	Explanation of the material topics and its boundaries	☑	MC P. 6 Shareholders' letter;
103-2	The management approach and its components	☑	MC P. 6 Shareholders' letter; Link: www.swisscom.ch/basicprinciples – Code of conduct MC P. 14 Corporate strategy; MC P. 56 Financial outlook
103-3	Evaluation of the management approach	☑	MC P. 6 Shareholders' letter;

201 Economic Performance

201-1	Direct economic value generated and distributed	☑	MC P. 55 Statement of added value.
201-2	Financial implications and other risks and opportunities due to climate change	☑	MC P. 16 Corporate Responsibility See 302-3, 302-4, 302-5, 305-4 und 306-5; www.cdp.net
201-3	Defined benefit plan obligations and other retirement plans	☑	FS P. 144 4.3 Post-employment benefits; SR P. 52 comPlan pension fund; See 401-3
201-4	Financial assistance received from government	∅	From a Group standpoint there were no matters in 2018 requiring disclosure in accordance with IAS 20 and no government grants at all.

202 Market Presence

202-1	Ratios of standard entry level wage by gender compared to local minimum wage	☑	MC P. 28 Employee remuneration; SR P. 59 Total workforce in Switzerland
202-2	Proportion of senior management hired from the local community	∅	There is no location-based staff selection.

203 Indirect Economic Impacts

203-1	Infrastructure investments and services supported	☑	MC P. 44 Capital expenditure; SR P. 68 Basic service provision; SR P. 49 Internet for Schools initiative
203-2	Significant indirect economic impacts	☑	SR P. 67 Networked Switzerland

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204 Procurement Practices

103-1	Explanation of the material topics and its boundaries	☑	SR P. 61 Management approach
103-2	The management approach and its components	☑	SR P. 61 Management approach
103-3	Evaluation of the management approach	☑	SR P. 61 Management approach
204-1	Proportion of spending on local suppliers	☑	There is a location-based supplier selection for the location Switzerland.

205 Anti-Corruption

103-1	Explanation of the material topics and its boundaries	☑	SR P. 25 Precautionary principle SR P. 25 Compliance management
103-2	The management approach and its components	☑	SR P. 25 Compliance management
103-3	Evaluation of the management approach	☑	SR P. 25 Compliance management
205-1	Operations assessed for risks related to corruption	☑	Risk-prone procedures are examined.
205-2	Communication and training about anti-corruption policies and procedures	☑	SR P. 17 CR targets: Anti-corruption (GRI 205-2) SR P. 25 Compliance management
205-3	Confirmed incidents of corruption and actions taken	☑	In a suspicious case, Swisscom filed a criminal complaint.

206 Anti-Competitive Behaviour

103-1	Explanation of the material topics and its boundaries	☑	SR P. 25 Precautionary principle SR P. 25 Compliance management
103-2	The management approach and its components	☑	SR P. 25 Compliance management
103-3	Evaluation of the management approach	☑	SR P. 25 Compliance management
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	☑	MC P. 18 Legal environment; MC P. 19 Federal Cartel Act (CartA); FS P. 143 Contingent liabilities arising from competition law proceedings

300 Environmental Topics

103-1	Explanation of the material topics and its boundaries	☑	SR P. 30 Management approach
103-2	The management approach and its components	☑	SR P. 30 Management approach SR P. 38 Other environmental aspects in the company
103-3	Evaluation of the management approach	☑	SR P. 30 Management approach (at the end of the section)

301 Materials

301-1	Materials used by weight or volume	☑	SR P. 38 Other environmental aspects in the company
301-2	Recycled input materials used	☑	SR P. 40 Recycling
301-3	Recycled products and their packaging materials	☑	SR P. 16 CR Goals: Mobile phone return and paper consumption reduction SR P. 37 Paper consumption: types, quantities and quality SR P. 68 Recycling and packaging of devices

302 Energy

302-1	Energy consumption within the organization	☑	SR P. 32 Consumption of electricity from renewable sources and eco-electricity (electricity mix); SR P. 32 Efficiency measures for fuel consumption, heat and CO_2 reduction; SR P. 33 Efficiency measures in fuel consumption, mobility and CO_2 reduction; SR P. 42 Environmental key figures in Switzerland; Separate climate report Swisscom 2018 available online at the link: www.swisscom.ch/climatereport2018
302-2	Energy consumption outside of the organization	∅	SR P. 36 Energy consumption and emissions by customers and the initiative to reduce them thanks to improved devices; separate climate report Swisscom 2018, § 2.2 Energy consumption by customers Scope 3 cat. 11 (use of the products) online under www.swisscom.ch/climatereport2018
302-3	Energy intensity	☑	SR P. 30 Energy efficiency and climate protection; SR P. 34 Energy intensity; SR P. 17 The most important indicators fort he achievement of Swisscom's CR targets
302-4	Reduction of energy consumption	☑	SR P. 31 Energy efficiency: energy consumption and savings at Swisscom; SR P. 42 Environmental key figures in Switzerland
302-5	Reductions in energy requirements of products and services	☑	SR P. 34 Efficiency gains through sustainable ICT services at Swisscom; SR P. 36 Energy consumption and emissions by customers and the initiative to reduce them thanks to improved devices; SR P. 42 Environmental key figures in Switzerland

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303 Water

303-1	Interactions with water as a shared resource	☑	SR P. 42 Environmental key figures in Switzerland; SR P. 38 Other environmental aspects in the company: Water
303-2	Management of water discharge-related impacts	Ø	Not relevant, as water is only used for sanitary purpose.
303-3	Water withdrawal	Ø	Household water only.

304 Biodiversity

304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	☑	SR P. 40 Other environmental aspects in the company: Soil and biodiversity
304-2	Significant impacts of activities, products, and services on biodiversity	☑	SR P. 40 Other environmental aspects in the company: Soil and biodiversity
304-3	Habitats protected or restored	☑	SR P. 40 Other environmental aspects in the company: Soil and biodiversity
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Ø	Not collected as not relevant.

305 Emissions

103-1	Explanation of the material topics and its boundaries	☑	SR P. 30 Management approach
103-2	The management approach and its components	☑	SR P. 37 Carbon footprint
103-3	Evaluation of the management approach	☑	SR P. 37 Carbon footprint
305-1	Direct (Scope 1) GHG emissions	☑	SR P. 31 Energy efficiency: energy consumption and savings at Swisscom; SR P. 42 Environmental key figures in Switzerland; Separate climate report Swisscom 2018 available online at the link: www.swisscom.ch/climatereport2018
305-2	305-2 Energy indirect (Scope 2) GHG emissions	☑	SR P. 31 Energy efficiency: energy consumption and savings at Swisscom; SR P. 42 Environmental key figures in Switzerland; Separate climate report Swisscom 2018 available online at the link: www.swisscom.ch/climatereport2018
305-3	Other indirect (Scope 3) GHG emissions	☑	SR P. 31 Energy efficiency: energy consumption and savings at Swisscom; SR P. 42 Environmental key figures in Switzerland; Separate climate report Swisscom 2018 available online at the link: www.swisscom.ch/climatereport2018
305-4	GHG emissions intensity	☑	SR P. 17 The most important indicators fort he achievement of Swisscom's CR targets; Separate climate report Swisscom 2018 available online at the link: www.swisscom.ch/climatereport2018
305-5	Reduction of GHG emissions	☑	SR P. 34 Efficiency gains through sustainable ICT services at Swisscom; SR P. 36 Energy consumption and emissions by customers and the initiative to reduce them thanks to improved devices; SR P. 42 Environmental key figures in Switzerland; Separate climate report Swisscom 2018 available online at the link: www.swisscom.ch/climatereport2018
305-6	Emissions of ozone-depleting substances (ODS)	☑	SR P. 39 Cooling systems and refrigerants
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	☑	SR P. 42 Environmental key figures in Switzerland

306 Effluents and waste

306-1	Water discharge by quality and destination	☑	Water is only used for sanitary purposes.
306-2	Waste by type and disposal method	☑	SR P. 40 Other environmental aspects in the company: Waste and Recycling; SR P. 42 Environmental key figures in Switzerland
306-3	Significant spills	☑	No significant releases known.
306-4	Transport of hazardous waste	Ø	Not relevant. Swisscom did not transport in 2018 waste classified under the Basle Convention.
306-5	Water bodies affected by water discharges and/or runoff	Ø	Not relevant. Waste water is discharged into municipal sewage treatment plants.

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307 Environmental compliance			
307-1	Non-compliance with environmental laws and regulations	☑	No fines or penalties for non-compliance were imposed in 2018. SR P. 25 Compliance management
308 Supplier Environmental Assessment			
103-1	Explanation of the material topics and its boundaries	☑	SR P. 63 Management approach
103-2	The management approach and its components	☑	SR P. 63 Management approach
103-3	Evaluation of the management approach	☑	SR P. 63 Management approach
308-1	New suppliers that were screened using environmental criteria	☑	SR P. 63 Audits
308-2	Negative environmental impacts in the supply chain and actions taken	☑	SR P. 63 Audits; SR P. 65 Main risk factors in the supply chain
400 Social			
103-1	Explanation of the material topics and its boundaries	☑	SR P. 51 Responsible employer
103-2	The management approach and its components	☑	SR P. 51 Responsible employer
103-3	Evaluation of the management approach	☑	SR P. 51 Responsible employer
401 Employment			
401-1	New employee hires and employee turnover	☑	SR P. 59 Total workforce in Switzerland
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	☑	MC P. 27 Employees; SR P. 52 Remuneration: Fringe benefits
401-3	Parental leave	☑	SR P. 52 Remuneration: Fringe benefits
402 Labour/management relations			
103-1	Explanation of the material topics and its boundaries	☑	MC P. 27 Employees in Switzerland
103-2	The management approach and its components	☑	MC P. 27 Employees in Switzerland
103-3	Evaluation of the management approach	☑	MC P. 27 Employees in Switzerland
402-1	Minimum notice periods regarding operational changes	☑	CEA § 3.3 Negotiations should be engaged early enough with the contracting unions.
403 Occupational health and safety			
103-1	Explanation of the material topics and its boundaries	☑	SR P. 57 Occupational health and safety
103-2	The management approach and its components	☑	SR P. 57 Occupational health and safety
103-3	Evaluation of the management approach	☑	SR P. 57 Occupational health and safety
403-1	Occupational health and safety management system	☑	MC P. 27 Collective employment agreement (CEA); MC P. 27 Employees (100% of staff); SR P. 57 Occupational health and safety
403-2	Hazard identification, risk assessment, and incident investigation	☑	SR P. 59 Total workforce in Switzerland
403-3	Occupational health services	☑	SR P. 57 Types of injuries, occupational illnesses, days lost due to illness, absences and number of work-related deaths; SR P. 57 Occupational health and safety
403-4	Health and safety issues covered by formal agreements with trade unions	☑	SR P. 58 Health and safety issues covered by formal agreements with trade unions

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404 Training and education

103-1	Explanation of the material topics and its boundaries	☑	SR P. 53 Training and education
103-2	The management approach and its components	☑	SR P. 53 Training and education
103-3	Evaluation of the management approach	☑	SR P. 53 Training and education
404-1	Average hours of training per year per employee	☑	SR P. 54 Average number of hours of training and further education per year and employee
404-2	Programs for upgrading employee skills and transition assistance programs	☑	SR P. 54 Programmes to improve employees' skills and provide transitional assistance; Language courses/language skills and training opportunities on new media: partnership with the swiss education-portal www.ausbildung-weiterbildung.ch
404-3	Percentage of employees receiving regular performance and career development reviews	☑	SR P. 54 Evaluating performance and career development; SR P. 59 Total workforce in Switzerland; MC P. 27 Collective employment agreement (CEA)

405 Diversity and equal opportunity

103-1	Explanation of the material topics and its boundaries	☑	SR P. 55 Diversity and equal opportunities
103-2	The management approach and its components	☑	SR P. 55 Diversity and equal opportunities
103-3	Evaluation of the management approach	☑	SR P. 55 Diversity and equal opportunities
405-1	Diversity of governance bodies and employees	☑	CG P. 68 4 Board of Directors; CG P. 80 5 Group Executive Board; SR P. 59 Total workforce in Switzerland
405-2	Ratio of basic salary and remuneration of women to men	☑	MC P. 28 Employee remuneration; SR P. 51 Equal pay; SR P. 59 Total workforce in Switzerland

406 Non-discrimination

103-1	Explanation of the material topics and its boundaries	☑	See GRI 204
103-2	The management approach and its components	☑	See GRI 204
103-3	Evaluation of the management approach	☑	See GRI 204
406-1	Incidents of discrimination and corrective actions taken	☑	SR P. 66 Audit results – Example of engagements with suppliers: Number of issues

407 Freedom of association and collective bargaining

103-1	Explanation of the material topics and its boundaries	☑	See GRI 204
103-2	The management approach and its components	☑	See GRI 204
103-3	Evaluation of the management approach	☑	See GRI 204
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	☑	Covered mutually thanks to agreed peace obligation pursuant to CEA.

408 Child labour

103-1	Explanation of the material topics and its boundaries	☑	See GRI 204
103-2	The management approach and its components	☑	See GRI 204
103-3	Evaluation of the management approach	☑	See GRI 204
408-1	Operations and suppliers at significant risk for incidents of child labour	☑	SR P. 65 Main risk factors in the supply chain

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409 Forced or compulsory labour			
103-1	Explanation of the material topics and its boundaries	☑	See GRI 204
103-2	The management approach and its components	☑	See GRI 204
103-3	Evaluation of the management approach	☑	See GRI 204
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	☑	SR P. 65 Main risk factors in the supply chain
410 Security practices			
410-1	Security personnel trained in human rights policies or procedures	☑	Not relevant: Sub-contracted to Securitas.
411 Rights of indigenous peoples			
411-1	Incidents of violations involving rights of indigenous peoples	☑	Not relevant for company locations, see List of Group companies (MC P. 153 note 5.4 Group companies).
412 Human rights assessment			
412-1	Operations that have been subject to human rights reviews or impact assessments	☑	No new company locations in 2018.
412-2	Employee training on human rights policies or procedures	☑	SR P. 23 Ethics in the digital world
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	☑	The Corporate Responsibility Contract Appendix (CRV) is part of all contracts.
413 Local communities			
103-1	Explanation of the material topics and its boundaries	☑	SR P. 47 Management approach
103-2	The management approach and its components	☑	SR P. 22 Corporate responsibility – governance and implementation
103-3	Evaluation of the management approach	☑	SR P. 47 Management approach
413-1	Operations with local community engagement, impact assessments, and development programs	☑	MC P. 23 Infrastructure; SR P. 68 Basic service provision; SR P. 48 Media protection for minors and promoting media skills; SR P. 49 Internet for Schools initiative; SR P. 53 Activation programmes
413-2	Operations with significant actual and potential negative impacts on local communities	☑	SR P. 48 Media protection for minors and promoting media skills: Media protection for minors and guidelines on media content
414 Supplier social assessment			
103-1	Explanation of the material topics and its boundaries	☑	See GRI 204
103-2	The management approach and its components	☑	See GRI 204
103-3	Evaluation of the management approach	☑	See GRI 204
414-1	New suppliers that were screened using social criteria	☑	SR P. 63 Audits
414-2	Negative social impacts in the supply chain and actions taken	☑	SR P. 63 Audits; SR P. 65 Main risk factors in the supply chain

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415 Public policy

103-1	Explanation of the material topics and its boundaries	☑	SR P. 27 Swisscom's commitment; SR P. 27 Actor in public debates
103-2	The management approach and its components	☑	SR P. 27 Public Affairs
103-3	Evaluation of the management approach	☑	SR P. 27 Public Affairs
415-1	Political contributions	☑	SR P. 27 Responsibility towards the public; Swisscom is politically and confessional neutral and doesn't support financially political parties.

416 Customer health and safety

103-1	Explanation of the material topics and its boundaries	☑	SR P. 25 Precautionary principle
103-2	The management approach and its components	☑	SR P. 24 Sustainable product design; SR P. 25 Compliance management
103-3	Evaluation of the management approach	☑	SR P. 25 Compliance management
416-1	Assessment of the health and safety impacts of product and service categories	☑	SR P. 45 Low-radiation communications technologies; SR P. 48 Media protection for minors and guidelines on media content
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	☑	Relevant health standards for the mobile network are contained in the ICNIRP Guidelines and, in particular, the ONIR. SR P. 44 Certification of the quality assurance system for compliance with ONIR limits; with the ICNIRP standards Swisscom complies with the ONIR limits. SR P. 25 Compliance management; No violations of relevant health standards or standards on product labelling detected in 2018.

417 Marketing and labelling

103-1	Explanation of the material topics and its boundaries	☑	SR P. 25 Precautionary principle
103-2	The management approach and its components	☑	SR P. 25 Responsible marketing
103-3	Evaluation of the management approach	☑	SR P. 25 Responsible marketing
417-1	Requirements for product and service information and labelling	☑	SR P. 46 Duty to provide information on products offered at points of sale; Not relevant for Switzerland, except with respect to Ordinance on the Disclosure of Prices.
417-2	Incidents of non-compliance concerning product and service information and labelling	☑	SR P. 25 Compliance Management; No violations of product information labelling standards detected in 2018.
417-3	Incidents of non-compliance concerning marketing communications	☑	SR P. 25 Responsible marketing; Minor fines for negligent violation.

418 Customer privacy

103-1	Explanation of the material topics and its boundaries	☑	SR P. 47 Data protection
103-2	The management approach and its components	☑	SR P. 47 Data protection
103-3	Evaluation of the management approach	☑	SR P. 47 Data protection
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	☑	SR P. 47 Data protection Two customer complaints that were resolved immediately. Swisscom filed a criminal complaint regarding the case disclosed in 2017.

419 Socioeconomic compliance

103-1	Explanation of the material topics and its boundaries	☑	SR P. 25 Precautionary principle
103-2	The management approach and its components	☑	SR P. 25 Compliance management
103-3	Evaluation of the management approach	☑	SR P. 25 Compliance management
419-1	Non-compliance with laws and regulations in the social and economic area	☑	SR P. 25 Compliance management MC P. 18 Legal environment