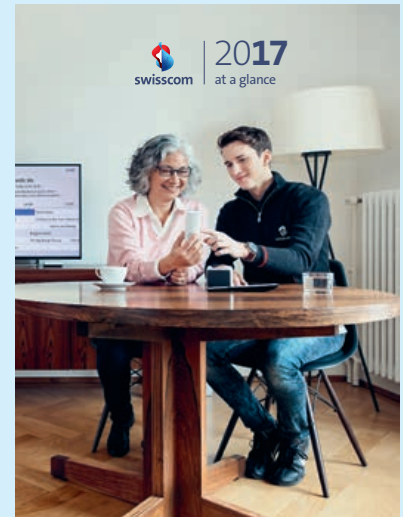# swisscom

2017
Sustainability Report

Annual report publications

The annual report, sustainability report and Swisscom at a glance
together make up Swisscom's reporting on 2017.
The three publications are available online at: swisscom.ch/report2017

"Welcome to the networked world" concept

In our networked world, everything is becoming more and more connected.
At the centre of this connectivity are high-performance and secure networks.
That is why for years we have invested CHF 1.7 billion in the expansion,
maintenance and innovation of our network infrastructure.
We are extremely proud of our employees, who day in, day out,
put their energy, heart and soul into making sure that our customers
stay optimally connected no matter where they are.

The pictures in the 2017 Annual Report offer a peek behind
the scenes into our working environment — where we build our network
and support our customers. We want to open up the opportunities offered by
a networked future and take advantage of them together with our customers.

Corporate Responsibility

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

Introduction

The Sustainability Report follows the G4 Global Reporting Initiative (GRI) guidelines ("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 are independently verified. Swisscom voluntarily chose the opt-in option and registered its Sustainability Report with SIX (Swiss Exchange Regulation). Fastweb, a Swisscom subsidiary, publishes its own Sustainability Report and follows the "Core" option in the GRI guidelines.

Stakeholders' letter

Dear Readers

Sometimes we have to ask a question in a whole new way in order to get new answers. When we explained our commitment towards sustainability at the last National Future Careers Day, one ten-year-old child asked, "does Swisscom have to do that?"

The fact is, all companies that are committed to sustainability do so voluntarily. For Swisscom, though, the commitment to sustainability in our core business is greater than it might seem at first glance. For us, people and their relationships are at the heart of everything we do: We bring people together, we network them, we create connections that span geographical distances and different disciplines – within our own company and across all of Switzerland. And when we say "all of Switzerland", we mean even the most isolated valleys and mountain cabins.

That is how we build the foundation for sustainable solutions, such as the Internet of Things (IoT). When this concept is combined with artificial intelligence, many opportunities are created for improving the quality of our day-to-day lives and using resources intelligently. We refer to this vision as "Smart City": a city in which, for instance, planners can analyse traffic flows better in real time using anonymised mobile phone data; a city where car parks are networked so drivers can be efficiently directed to available parking spots, thereby preventing unnecessary emissions caused when drivers have to aimlessly search for somewhere to park; and a city in which bins no longer overflow with rubbish because they automatically signal when they need to be emptied. In 2016, Swisscom put the foundation in place for the Smart City with the Low Power Network, a new network designed especially for the Internet of Things. Thus, the network is ready and sustainable solutions are no longer just visions, they are becoming a reality.

However, solutions to the current issues are not built on technology alone. As always, it is people and their skills that make technology and the options it provides successful. That is why Swisscom is endeavouring at all levels to prepare people for digitalisation. We are doing this throughout our organisation – starting with our 900 apprentices up through the continuing training of our older employees. We are doing it at schools, where every day 15 experts in media skills work to support educators in teaching students the basic principles of media use. And we are doing it together with Pro Senectute and at the Swisscom Academy for interested target groups comprising the older generation. Here, too, we create a network, establishing the mental connections that lay the ground on which new solutions grow.

Working together with partners is an element of this. In numerous discussions with customers, partners, politicians and authorities across all areas, we garnered numerous stimuli in 2017 that are driving us to seek new solutions and continuous further development. The mutual exchange of knowledge is a pillar of this effort – we share our experiences, for instance with regard to new working models, decentralised organisation and flexible work methods. We also look for solutions to improve working conditions in developing countries by making the supply chain fairer, for example. Although we are constantly making small improvements – by engaging in local dialogue, for instance – joint efforts by the whole international community are essential in this respect.

We therefore used the 17 global challenges defined by UN member states as a yardstick to measure ourselves by. Our analysis has shown that our sustainability strategy is on track. Our sustainability strategy is therefore in line with international efforts, while also suiting our own ambitious goals. Thinking and acting sustainably is essential for ensuring the long-term well-being of our country. At the same time, keeping Switzerland strong and healthy is the best way of ensuring the success of our business. This is how we explained it to our ten-year-old guest: we are doing this for all of us – working together to increase sustainability for a better future.

Kind regards

Stefan Nünlist
Head of Group Communication & 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 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 the corporate business strategy and mission statement, and are presented in more detail in the Corporate Responsibility (CR) strategy. The UN's agenda for sustainable development (2030 Agenda) and the Sustainable Development Goals (SDGs) formulated in 2015 substantially altered the framework conditions for sustainable action. Swisscom conducted an analysis that examined which of the SDGs are relevant to its own value creation chain and where it can help achieve these goals. The implementation of the SDGs is currently in full swing, particularly within our own organisation. Swisscom began addressing the SDGs for itself at an early stage. Through its cooperation with partners including the "Gap Frame Tools" project of the Business School Lausanne and participation in the federal government's consultation process for implementing the 2030 Agenda (a participatory process in which stakeholders contribute to determining Switzerland's SDG status). In this way, Swisscom has positioned itself as a pioneer in the implementation of the 2030 Agenda in Switzerland.

To evaluate the SDG requirements as well as the relevance and impact of its contributions for the Agenda 2030 goals, Swisscom applied a tool tailored to each phase of the evaluation. In the first phase, the evaluation determines whether there is a relationship between the activities of Swisscom and the individual SDGs based on three criteria. The first criterion relates to the situation of Switzerland with respect to the SDGs. It determines whether the SDG target is pertinent to Switzerland's situation. The second criterion concerns the value creation chain. Here, the point in the value creation chain at which Swisscom's responsibility objectively begins or ends must be determined. The third criterion determines the relevance of the targets with respect to Swisscom's area of activity; for example, the goal of protecting the world's oceans is not pertinent to Swisscom's area of activity.

The second phase evaluates the concrete contributions Swisscom makes to achieve the targets of the SDGs. The two criteria applicable here are the relevance of Swisscom's contributions and the degree of the impact on the SDG targets. In the third phase of the evaluation, the commitment Swisscom demonstrates in contributing towards the SDG targets is examined. This helps determine whether Swisscom's contribution can be further optimised in some way or if Swisscom can do more to help meet the targets.

Once all of the evaluation phases have been completed, Swisscom's contribution to the respective SDGs is ranked as good, very good or excellent.

The analysis of the SDG requirements therefore revealed that Swisscom's sustainability strategy covers the relevant topics and only needs to be intensified in a few isolated areas. For example, targeted communication could play an even greater role in inspiring employees and customers to pursue a sustainable lifestyle. ICT technologies contribute significantly towards enabling a more sustainable lifestyle in urban areas. The term "Smart City" encompasses a range of applications on which Swisscom is working intensely in close collaboration with the respective divisions and the sustainability team.

Another priority of the SDGs is further education in the area of digital skills, which are becoming increasingly important owing to digitalisation and the transformation of the economy that this is inducing. New impetus in further education and training are therefore needed in order to sustain Switzerland's high employment levels and the Swiss dual system of education (practical and academic).

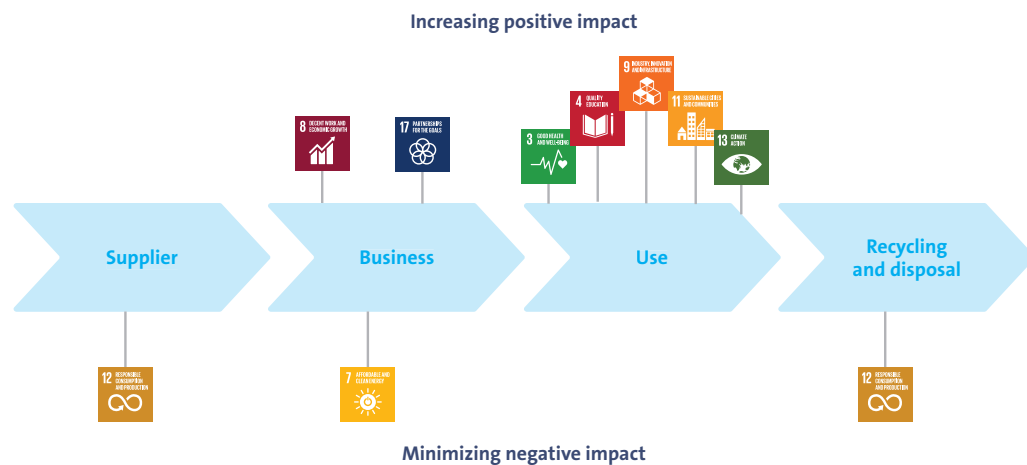**Value chain and main aspects of Corporate Responsibility**

Swisscom generates the bulk of its added value in Switzerland. In 2016, activities abroad accounted for 9% (prior year: 7%) of the Group's added value from operations. Swisscom's business is described in detail in the Management Commentary.

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 involves social and macroeconomic aspects.

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 49.

Increasing positive impact

| Supplier | Business | Use | Recycling and disposal |

Minimizing negative impact

Stakeholder involvement

Swisscom fosters dialogue with its most important stakeholder groups through various channels: via electronic media, over the phone, through surveys, information events, business meetings and conferences, as well as in customers' homes and in the Swisscom Shops. In 2017 – as in previous years – Swisscom took note of the concerns of the various stakeholder groups, prioritising them and among other things incorporating them into its CR strategy. Stakeholders' expectations change over time. These altered expectations thus influenced the further development of the CR strategy in 2017, which will remain in effect until 2020, but did not significantly impact its main thrust. Stakeholder management at Swisscom is decentralised in order to ensure proximity and ongoing contact with individual stakeholder groups. The CR Executive Dialogue was continued in 2017 by mandate of the Group Executive Board within the framework of further developing the CR strategy. In this dialogue, members of the Group Executive Board discuss all six strategic Corporate Responsibility targets with leaders of stakeholder groups. Among other activities, this included engaging in dialogue with WWF Switzerland about how digitalisation promotes sustainability in the year under review. With regard to social sustainability, an intensive exchange also took place at management level with NGOs concerning the launch of the crowdfunding platform letshelp.ch. The NGOs in question are all ZEWO-certified. Swisscom supports them in their fundraising efforts in its role as a technology partner.

Swisscom maintains a certified, integrated management system that combines all the necessary standards, such as quality, environment, service and information security management standards, and is audited every year by an external auditing company (Société Générale de Surveillance – SGS).

The daily activities of Swisscom are geared towards fulfilling the growing needs and expectations of customers and stakeholders by providing an impeccable service experience in an environment where the technological pos-

sibilities are constantly changing. Swisscom's process and quality management ensures that it systematically develops, simplifies and improves the services it provides and continues to inspire all of its customers throughout Switzerland.

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.
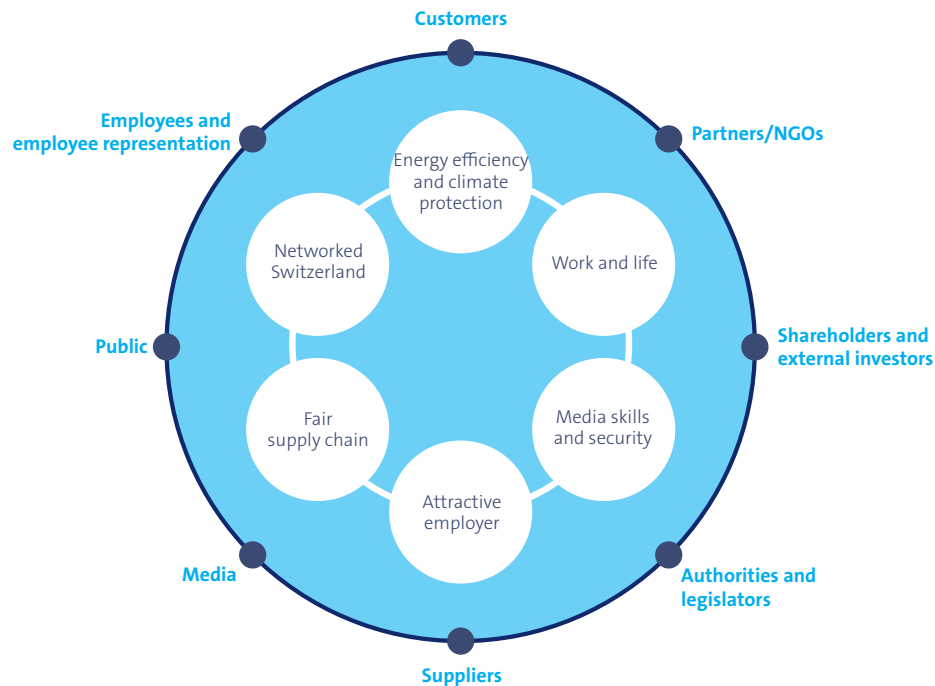
Customers

Swisscom systematically consults residential customers on their needs and their level of satisfaction. In this way, customer relationship managers are able to determine their customers' needs by contacting them directly. Swisscom also conducts regular representative surveys on 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, comprehensive network coverage, network stability, low-radiation communication technologies and sustainable products and services.

Investors

Besides the Annual General Meeting, Swisscom regularly fosters dialogue with shareholders at analysts' presentations, road shows and in regular 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 various public authorities at numerous 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 gives rise to tension because of 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, it invites ICT heads of the cantonal education authorities to an annual two-day seminar on the subject of "Internet for Schools". As a stakeholder group, public authorities expect Swisscom to act decisively in the way it recognises its responsibility towards the public at large and towards young people in particular.

Legislators

Swisscom is required to deal with political and regulatory issues, maintaining a regular dialogue with authorities, 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, 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.

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. In 2016, Swisscom developed a new employee survey that is better suited to the organisation's requirements. The new survey is conducted several times a year and allows 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 53 members (one representative for every 400 employees) distributed across eight representations, i.e. one representation per company participating in the Swisscom collective employment agreement (CEA). 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. Swisscom engages in dialogue with teams from all organisational units on sustainability issues, under the motto "Hello Future". Through this dialogue, Swisscom keeps its employees up to date on its work in the area of sustainability and encourages them to implement sustainability measures in their daily work and life.

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.

Public

We maintain contact with the public directly via the Swisscom website, through surveys of the public, at trade fairs and as part of events such as the ENERGY CHALLENGE 2017. The ENERGY CHALLENGE is a campaign launched by the Swiss Federal Office of Energy for which Swisscom once again acted as the main partner in 2017.

Material issues

Criteria of materiality

Swisscom has adopted and applied the same qualitative criteria as in 2016 for assessing the materiality of each of the sustainability issues for its activities and reporting in the year under review:
> Importance of topics addressed by Swisscom's mission statement
> Significance and relevance of the topics for stakeholder groups of Swisscom
> Effects on the company's financial position, results of operations and reputation

First classification of sustainability topics in the materiality matrix

The sustainability topics can be classified in a materiality matrix based on their relevance 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. The materiality matrix topics and their classification were validated by representative shareholder groups in a survey in which government authorities, partners and NGOs such as WWF and myclimate commented on ecological aspects, while the Swiss Association for Audiovisual Learning (SSAB) and the Federal Social Insurance Office (FSIO), which are jointly responsible for the National Programme for the Promotion of Media Skills, commented on social aspects. The survey concluded that Swisscom should increase its efforts in promoting products and services aimed at reducing customers' CO_2 emissions. Customers, after all, could make a substantial contribution towards combating climate change. These findings are also confirmed by the study of the International Global e-Sustainability Initiative (GeSI smarter 2020) and an analysis carried out by Swisscom. Swisscom thus regards the reduction of customers' CO_2 emissions as very relevant.

Issues highlighted by the FSIO and SSAB surveys, such as the shortage of specialist staff and generation management, have also been incorporated in Swisscom's materiality matrix under diversity and personnel training and development. There is consensus as regards the rating accorded to the other issues.

Based on the findings, Swisscom has developed a CR strategy that will apply until 2020. In connection with this, the collaboration of different divisions within Swisscom resulted in two business activities being identified as material: healthcare and corresponding health-related offers, and offers for flexible working models and the promotion of a mobile working culture.

In a symbolic move towards increased stakeholder involvement, Swisscom reviewed its strategic "2:1 target" in collaboration with its long-term partner organisations WWF and myclimate. As part of the "2:1 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. Specifically, dialogue with WWF and myclimate helped set both the target amount and find a plausible calculation method. Swisscom incorporated many suggestions throughout the process to improve the calculation method and communication of the climate protection target. Swisscom placed specific review requests with both partner organisations in order to rectify any shortcomings. Thanks to the transparent approach – Swisscom disclosed all assumptions and calculations to partners – the "2:1 target" was successfully defined in more precise terms. This does not, however, bring Swisscom's dialogue with its partners to an end. Swisscom wants to continue to consult myclimate and WWF for its annual interim reports in order to obtain a neutral opinion. The issues are arranged alphabetically within the boxes of the materiality matrix.

New classification levels

In 2016, Swisscom surveyed eleven of its most important stakeholders. The survey is to be conducted every two years, i.e. the next time is in 2018. 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. The survey enabled Swisscom to gain valuable insights. The majority of the stakeholders surveyed, for instance, confirm that Swisscom has made good progress with its sustainability strategy. They also provided further valuable suggestions.

Taken as a whole, the feedback from the stakeholder survey demonstrates that the constant growth of digitalisation brings with it both risks and opportunities for the environment and society. Among other things, the survey gave rise to the following questions: How should society respond to the removal of boundaries between work and leisure and the resulting health consequences for employees? What specific measures can be taken to put the positive environmental and social impact of digitalisation to targeted use and to enhance it? What support can be offered to Swisscom employees, as well as Swisscom customers and their staff, to help them keep pace with digitalisation?

Swisscom considers such questions to be strategically relevant, as they are directly pertinent to Swisscom's core business. The questions on the impact of digitalisation on the working world were, in particular, examined more closely in 2017 by several working groups, and Swisscom will continue to address these issues.

Division management and the Group Executive Board were also informed about the results of the stakeholder survey and will comment on some of the relevant issues in the 2017 Annual Report.

In 2017, Swisscom acknowledged the significance of the 2030 Agenda and two further issues – the circular economy and Smart Cities – which are addressed at the beginning of this chapter and are now part of the materiality matrix.

Swisscom materiality matrix 2017

Materiality for stakeholders

very relevant

Basic service provision [1]
Health and safety in the workplace [2]
Low-radiation communications technologies [3]
Media protection for minors [4]
Memberships/partnerships [5]
Training of future staff/recruitment [6]

Attractive employer [7]
Business development (turnover and EBITDA) [8]
Capital expenditures [9]
CO$_2$ emissions and -savings, energy efficiency [10]
Corporate governance [11] / compliance [12] / legal and regulatory environment [13]
Customer satisfaction [14]
Data protection [15]
Fair supply chain [16]
Impact of digitalisation
Share performance and payout policy [17]
Work Smart offers [18]

relevant

Corporate Volunteering [19]
Diversity [20]
Environmental aspects in the company [21]
Social and cultural commitments [22]

Innovation and development [23]
Offers in the healthcare sector [24]
Promoting media skills [25]
Staff development [26]

relevant   very relevant

Materiality for Swisscom

■ **Management commentary :** [8] p. 40, [9] p. 45, [13] p. 19, [14] p. 34, [17] p. 52
■ **Governance :** [11] p. 56
■ **Sustainability Report :** [1] page 68, [2] page 52, [3] page 44, [4] page 47, [5] www.swisscom.ch/cr-partnerships, [6] page 56, [7] page 50,
[10] page 32, [12] page 23, [15] page 46, [16] page 58, [18] page 40, [19] page 51, [20] page 54, [21] page 36, [22] page 70, [23] page 73, [24] page 43, [25] page 47, [26] page 55

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.

Corporate Responsibility targets: 3-2-1 approach

3 for our customers

2 for our employees and partners

1 for our country

| Climate protection | Work and life | Media skills | Attractive employer | Fair supply chain | Networked Switzerland |

Corporate Responsibility strategy

Swisscom takes responsibility seriously – now and in the future. To this end, it relies on the Corporate Responsibility strategy (CR strategy) with its six strategic priorities. In 2017, Swisscom also integrated the Sustainable Development Goals into its CR strategy.

Strategic priorities and Corporate Responsibility targets

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. 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", page 16 of the Management Commentary of the Annual Report.

Sustainability image
Swisscom wants to further improve its public image in terms of sustainability
For years, Swisscom has been a leading performer in the area of sustainability. Swisscom has won various international awards for its achievements in sustainability (for example, CDP, EcoVadis) and is included in the most important sustainability funds, such as the Dow Jones Sustainability Index, and FTSE4Good, reaffirming its leading role. Swisscom has set itself the goal of establishing its image as a leader in sustainability among the general population. It tracks this goal with RepTrak, a standardised international instrument for measuring corporate images to determine the effect of public events and sustainability on the "Citizenship" image. Swisscom aims for an average RepTrak "Citizenship" value of above 70 over the year. In addition, the proportion of people who are unable to make a statement about the citizenship image of Swisscom should be reduced from the current level of around 19% to less than 10%.
Example from Swisscom's list of targets:
The average annual score for "Citizenship" should exceed 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.
Swisscom is one of the biggest purchasers of energy in Switzerland and has set itself the goal of continuously improving its energy efficiency. It meets 100% of its electricity requirements from renewable domestic energy sources and is one of the biggest purchasers of solar power and renewable energies in Switzerland.
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. This goal is designated as the "2:1 target" and, in a first step, focuses on reducing customers' CO_2 emissions through the use of Green ICT services. In addition, the "2:1 target" also includes Swisscom's commitment to reducing its own CO_2 emissions from operations. Swisscom also requires its suppliers to reduce their carbon footprint.
Examples from Swisscom's list of targets:
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 plans to increase energy efficiency by another 35% compared to 1 January 2016.

Work and life
Swisscom is committed to promoting a Switzerland that offers room for living.
By 2020, Swisscom aims to be supporting one million customers with its offerings in the healthcare sector, such as the Swisscom health platform and corresponding fitness sensors, electronic patient dossiers and offerings from its subsidiary Datasport. Swisscom also wants to offer one million customers the opportunity to use mobile working models by 2020. To this end, Swisscom has included Work Smart services in its portfolio and supports mobile working methods through its activities as part of the Work Smart initiative.
Examples from Swisscom's list of targets:
By 2020, Swisscom wants to be supporting one million people in using 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.
Swisscom aims to be the market leader in data security by 2020, helping one million people to use media safely and responsibly. Swisscom has provided free Internet access to schools and introduced first-time users to the digital world through media training courses. In doing so, Swisscom aims to protect young people in the use of online media by means of technical solutions and offerings that promote media skills.
Example from Swisscom's list of targets:
Swisscom aims to be helping one million people to use media safely and responsibly by 2020.

Attractive employer
Swisscom is committed to promoting a working environment in which all employees are able to excel themselves.
Swisscom is one of Switzerland's most attractive employers. It offers employees opportunities for personal development and promotes a work-life balance. Fair terms and conditions of employment are as important to Swisscom as an active social partnership and an above-average commitment to vocational training. Swisscom is extremely proud of its apprentices, who number in excess of 900. Employees also have the chance to get involved in social and community projects, for example, by participating in the Corporate Volunteering Programme.
Example from Swisscom's list of targets:
Swisscom achieves 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.
In the interests of a fair supply chain, Swisscom is committed to improving employment conditions for more than two million people by 2020. To this end, Swisscom has forged international partnerships that will ensure the implementation of relevant measures in close collaboration with suppliers. The company also ensures that working conditions at its suppliers are reviewed for improvements every year as part of the audit process.
Example from Swisscom's list of targets:
Swisscom wants to increase the number of audits conducted at its suppliers in order to allow around two million employees to benefit from improved working conditions.

Networked Switzerland
Swisscom is committed to promoting a Switzerland that is competitive.
Swisscom aims to supply 85% of all homes and businesses with ultra-fast broadband by 2020. What's more, 99% of the population are also set to benefit from ultra-fast mobile broadband. As a result, Swisscom indirectly contributes around CHF 30 billion to Switzerland's GDP and helps to create and maintain some 100,000 jobs in Switzerland.
Example from Swisscom's list of targets:
Swisscom wants to guarantee ultra-fast fixed-network and mobile broadband coverage throughout Switzerland.

Swisscom's contribution to 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 OHM 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:** Attractive 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 2017 [1]	Value 2017 [2]	Target 2020	Guidance 2018
Image target / cross-portfolio activities				
Main target: Swisscom's sustainability image		🔴		
Reptrak = standardised tool for image measurement of companies Citizenship is composed of social, economic and ecological ratings.				
KPI: Citizenship points in Reptrak from the rating by the general public	>70	69.5	>70	-
KPI: Share of "do-not-know"-answers Citizenship in Reptrak		19.1%	<10%	
2018 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 (G4-EN27, SDG 13)		🟢 [3]		
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	40	53	60	55
2018 measures: > Evaluation or redesign of suitable services				
Mobile telephone return (G4-EN28, 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%	8%		12%
2018 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 (G4-EN27)		🟢		
KPI: Percentage of residential customers and SME clients using online billing	37%	36.6%		40%
2018 measures: > Further promotion of online billing > Direct mailing for suitable customer segments				
Training for employees at touch points (shop/call center/sales) (GRI-EN26)		🟢		
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	occured	occured	occured	-
2018 measures: > Touch point training on the sustainability benefits offered by Swisscom products				
Anti-corruption (GRI-SO4)		🟢		
Conduct training courses on anti-corruption				
KPI: Conduct training courses on anti-corruption	occured	occured	occured	-
2018 measures: > Only situational training intended				

[1] The target is considered to have been achieved if it comes within a tolerance of 5%, or not achieved or exceeded if it is outside the tolerance
[2] 🟢 = target achieved
🔴 = target not achieved
[3] target exceeded

Priority of the CR Strategy	Guidance 2017 [1]	Value 2017 [2]	Target 2020	Guidance 2018
Energy efficiency and climate protection				
Main target: (G4-EN18) 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	1.4	1.23	2	1.60
2018 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 (G4-EN5, SDG 7, 13)		🟢		
Increase in energy efficiency EF $EF = (GEV + \sum ESP) / GEV$ > TEC = Total energy consumption > AES = Accumulated energy savings Source: OFEV/FOEN Directive				
KPI: Increase in energy efficiency EF in %		13.9%	35%	16%
2018 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 (G4-EN30)		🟢		
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	106	105	95	102
2018 measures: > Further implementation of the procurement roadmap				
CO_2 emissions (G4-EN15-17)		🟢		
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	394,000	400,800	341,000	360,000
2018 measures: > Implementation of further efficiency measures > Improvements jointly implemented with suppliers				
CO_2 savings by customers thanks to sustainable ICT services (G4-EN19, 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	512,000	493,702	700,000	569,000
2018 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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[2] 🟢 = target achieved

🔴 = target not achieved

[3] target exceeded

Priority of the CR Strategy	Guidance 2017 [1]	Value 2017 [2]	Target 2020	Guidance 2018
Work and life				
Main target: Utilisation of mobile working models		●		
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	893,000	989,000	1,000,000	
2018 measures: > Active participation in the Work Smart Initiative				
Main target: Utilisation of health offerings (SDG 3)		●		
The offerings include i.a. Abavent Events, the health portal healthi, the health dossier Evita, Datasport Event and the App Swissmom				
KPI: Number of customers	-	1,104,212	1,000,000	
2018 measures: > Extension of the customer base to medical doctors, hospitals, therapists, pharmacies and to healthi > Implementation of the networking projects				
Media skills and security				
Main target: Promoting media skills		●		
Measurement by reference to the number of courses, visitors media smart platform, reader publications and child protection offerings				
KPI: Number of customers (cumulative)	-	932,812	1,000,000	
2018 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 (G4-SO1)		●		
Media skills courses for parents, teachers, pupils (middle and upper school) and Swisscom Academy **KPI:** Parents/teachers	7,500	6,847		8,000
KPI: Pupils	25,000	27,810		28,000
KPI: Swisscom Academy	16,000	16,561		20,000
KPI: Total number of visitors	48,500	51,218		56,000
2018 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 (G4-SO1, SDG 4)		●		
KPI: Number of visitors on the platforms	120,000	31,022	120,000	120,000
2018 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 2017 [1]	Value 2017 [2]	Target 2020	Guidance 2018
Attractive 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	-	3	2	-
2018 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 (G4-LA12, 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)	-	-	1	
KPI: share of women in management positions	-	11.7%	20%	
KPI: employees whose performance is impaired due to health problems (inclusion)	-	0.86%	1%	
2018 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 (G4-LA6, 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%
2018 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-SO1)		🔴		
KPI: Number of volunteer days Give&Grow	1,300	1,140		1,300
2018 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 2017[1]	Value 2017[2]	Target 2020	Guidance 2018
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	1,540,000	816,000	2,000,000	-
2018 measures > Expanding the audits of the JAC community through partnership with the EICC				
Review of suppliers (G4-EN/HR/LA)		🟢		
KPI: Number of suppliers that have been audited	82	89		115
KPI: of which led by Swisscom	9	9		8
KPI: Number of suppliers with self-assessment (validated externally)	160	162		150
2018 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 (G4-EN32)		🟢		
KPI: Number of key suppliers that disclose their climatic data via CDP CDP = Carbon Disclosure Project	55	56		60
2018 measures > Campaigns to encourage participation in the CDP through Action Exchange Program (AEP)				
Networked Switzerland				
Main target:Coverage of Switzerland with fixed ultra-fast broadband as a requirement for ind. BIP of CHF 30 billion (G4-EC7, 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)	-	47.7%	85%	-
2018 measures > Roll-out FTTx (x = Home, Street or Curb) > Increase in bandwidth				
Main target: Coverage of Switzerland with mobile ultra-fast broadband as a requirement for ind. BIP of CHF 30 billion (G4-EC7)		🟢		
KPI: Coverage of population Ultra-fast broadband = bandwidth up to 150 Mbps	-	99%	99%	-
2018 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.

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.

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.

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. 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 the implementation of the strategy and the 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.

Strategy — Board of Directors

Decisions ↓↑ Reporting

Steering — Group Executive Board (GEB)

Targets ↓↑ Reporting

Steering/Coordination
Performance measurement
KPIs Tracking

GEB members as sponsors of priority areas

Periodical reviews →←

Group Communications & Responsibility

Central Team Corporate Responsibility

Stakeholder dialogue

Integrated GRI-4 reporting in accordance with option "comprehensive"

Decisions ↓↑ Reporting

Functional controlling ↓

Implementation — CR network in the lines and project teams

Management approaches

Precautionary principle

Swisscom operates in a sustainable manner according to its mission statement. It uses 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. Another important element of Swisscom's precautionary principle is the raising of awareness among its staff through training. This is done partly through 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 Swisscom 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 – particularly mobile phone use – 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 (ONIR limits). Preventive measures are taken as part of Swisscom's operational risk and safety management system.

Management approaches and material issues

Swisscom has management approaches for the issues contained in the materiality matrix. In the case of issues that are particularly relevant to Swisscom and its stakeholders, the following requirements, among others, apply (issues in the top right quadrant of the matrix):

> Group directive on communications and Corporate Responsibility, which now regulates responsibility for taking into account the SDGs and 2030 Agenda in order to further develop Swisscom's CR strategy in a sustainable manner
> Group directive on the financial management of the Group (dividend policy, for example)
> Collective employment agreement covering the representation of employees and the relationship with unions, among other matters
> Digital manifesto covering infrastructure, education, research, innovation and economy
> "Mobile working" guideline, which sets out the rules governing mobile working, and "management guideline"
> Environmental management system in accordance with ISO 14001 and associated directives and guidelines on the issues of energy and CO_2 (guideline on Swisscom greenhouse gas inventory in accordance with ISO 14064)
> Big data directive on the topic of data protection
> Purchasing policy
> Compliance policy with the associated compliance management system (described in detail below) and directives (for example, on the issues of law and anti-corruption)
> Investment guideline requiring Swisscom to assess the environmental and social impacts of significant investments

In addition to the 2030 Agenda, Swisscom has identified two new issues that could leave a lasting impression on its environment. They are "Smart Cities" and "circular economy", and the management approaches required for these are currently being developed.

The digital manifesto

Digitalisation is not intended to simply remain a vision of the future in Switzerland, but to become a reality. For this reason, over 50 digital pioneers have worked together with Federal Councillor Johann Schneider-Ammann to draw up a manifesto – among them Swisscom CEO Urs Schaeppi. The manifesto is intended to serve as motivation and a source of inspiration for business, politics and society. It aims to help make Switzerland's digital transformation a success and to secure a globally leading position for Switzerland. Its goal: Switzerland will create jobs with high value creation and, in so doing, secure its prosperity.

The manifesto formulates theses and from these it derives concrete ideas and demands for infrastructure, education, research, innovation and economy. For example, it suggests a futures fund for start-up companies and calls on the state to create appropriate conditions for intelligent use of data as a production factor. As regards education, the transfer of knowledge and technology between universities should be improved in order to turn Switzerland into the world's leading research centre for digital transformation.

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 in the course of management work and day-to-day collaboration.
> **Goals:** The Board of Directors has defined compliance goals. 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 manages these risks with suitable 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)
> Product Safety Act
> Antitrust legislation
> Telecommunications legislation
> Stock exchange law (including OaEC)

Responsible marketing

Swisscom's marketing is aligned with its mission statement and the principles of the Swiss Commission for Fairness (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 various marketing units about any developments in these principles. Ensuring that the principles are adhered to is the responsibility of the communicating units, since they are in a position to recognise any breaches of compliance early on and to 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.

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. The principles were published in a new 2016 guideline on protecting human rights.

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 were created while working for Swisscom. This applies specifically to all achievements made by employees either alone 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 returned 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. The use of FOSS is regulated in the existing Group directives. For Swisscom software launched on other national markets, FOSS license 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. Internally, through training and awareness campaigns for its staff, Swisscom creates an effective security culture.

Increasing digitalisation and growing dynamism are making security increasingly important. Swisscom uses the issue of security to set its brand apart even further from 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 to be an attractive employer in the security domain. It offers its employees exciting work and versatile development opportunities.

Fraud management

Swisscom works to actively counter risks of fraud and thereby prevent losses. It draws on its customers' and own experiences of fraud cases. Cases of fraud are externally driven events which cannot be influenced directly. However, they 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 aimed at 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 acquire or increase customer confidence.

Further management approaches based on the six GRI categories (economic, environmental, labour practices, human rights, society and product responsibility)

There are Group directives governing the various GRI sustainability topics. Specific technical internal regulations and guidelines also exist, for example, concerning the global financial view based on the total cost of ownership (TCO) approach with projects, the cooling of telephone exchanges and data centres, and the decommissioning of trans-mitter stations. Swisscom uses a CR checklist. This takes into account economic, environmental and social require-ments in all projects relating to network infrastructure, services and products. In addition, guidelines govern the recycling and disposal of network infrastructure, which was previously carried out on an ad hoc basis.
Requirements based on environmental criteria exist for renovations and newly constructed businesses. Swisscom's Swiss subsidiaries and its Italian subsidiary Fastweb use instruments tailored to their needs. The regulations are cited in the following sections. Swisscom has defined new communication principles in 2017 which are based on the values of the mission statement. These principles cover the framework for communication on the Internet and in particular on the Bluewin portal.

Swisscom's responsibility towards the public

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

> Swisscom supports sustainable conduct in the ICT sector.
> 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 2017, among other things.
> 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 in a standardised manner.
> Swisscom is developing nationwide mobile and broadband infrastructure in Switzerland. It has set itself the goal of providing every Swiss commune with modern fibre-optic technologies by 2021. In so doing, it is providing a solid basis for digitalisation and for ensuring Switzerland's future as a business centre.
> Swisscom was the only provider to apply for the universal service licence. ComCom awarded this licence to Swisscom. The new licence will come into effect on 1 January 2018 and will run until 31 December 2022. For Internet access, as part of the universal service, the Federal Council has increased the minimum download speed as of 1 January 2018 from 2 Mbps currently to 3 Mbps. Universal services for people with health issues will also be extended: alongside existing offers such as the SMS transcription and directory service, the universal service will also include an operator service using sign language over video telephony for hearing impaired people.
> Swisscom is continually improving its customer information systems, for example, with services such as "Swisscom Cockpit" for Swisscom customers who are travelling abroad.
> Swisscom is involved in various projects concerning the energy transition. Examples include the Work Smart initiative, the product tiko and ENERGY CHALLENGE 2017 launched by the Swiss Federal Office of Energy (SFOE).

Switzerland is about to expand the 5G network, the fifth mobile generation. 5G makes smart cities, networked factories and intelligent houses technically feasible, unites diverse technologies and lays the groundwork for a digital Switzerland. The current legal framework is making 5G expansion difficult for mobile service providers and

preventing the use of elementary functions. To enable Switzerland to remain a pioneer in the adaptation of new technologies, there needs to be an adjustment to the general conditions, such as the ONIR, evaluation methods and building regulations.

During the year under review, as in the previous financial year, Swisscom submitted statements as part of consultations at federal level. It took part in a hearing of the National Council's Committee for Transportation and Telecommunications (CTT) in relation to the issue of "handling and using data". Swisscom also spoke at the conference of the cantonal directors of economic affairs on optical fibre expansion in the cantons.

Additionally, Swisscom expressed an opinion on the Federal Council dispatch concerning the partial revision of the Telecommunications Act (TCA) and will take part in a hearing of the National Council's Committee for Transportation and Telecommunications (CTT) on this issue. Swisscom does not see a need at present to revise the TCA. The sector has already taken its own self-regulatory steps – especially in relation to roaming, net neutrality, protection of customers and young people as well as regarding unwanted advertising calls. In view of the expansion of fixed network broadband and the upcoming expansion of fifth-generation mobile networks, investment protection is more essential than ever before. A threat of regulation and potentially tighter regulations will jeopardise the main investment projects beforehand in peripheral regions.

Swisscom's statements are 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.

Swisscom supports a solution-oriented approach, in the interest of the common good and in the interest of the company. The positions Swisscom takes are based on clear facts. Swisscom maintains transparent, 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.

Energy efficiency and climate protection

In keeping with the Swiss Confederation's 2050 energy strategy, Swisscom is aiming, by the end of 2020, to increase its energy efficiency by a further 35% compared with 1 January 2016. Together with its customers, Swisscom is also aiming to save twice as much CO_2 as it emits throughout the entire company including the supply chain by 2020, and promotes the use and production of renewable energies.

Environment, objectives and management approach

Goal 7
AFFORDABLE AND CLEAN ENERGY

Goal 13
CLIMATE ACTION

The energy transition and climate change remain key issues for Swisscom and its stakeholder groups. The revised Energy Act, which underpins the Swiss Confederation's 2050 energy strategy, was accepted at referendum by the Swiss population in May 2017. It intends to phase out nuclear power and promote renewable energies. It also calls for a consistent increase in energy efficiency and the transition to renewable energies. Swisscom places a special focus on increasing its own energy efficiency and on climate protection, and has set itself two objectives accordingly:

> **Increased efficiency:** Swisscom has determined its energy requirements until 2020 and plans to increase energy efficiency by 35% compared to 2016 by the end of 2020. This target is set out in a target agreement with the Energy Agency of the Swiss Private Sector (EnAW). Together with the other government-associated enterprises that are pursuing the Swiss Confederation's 2050 energy strategy, Swisscom is also a member of the working group "Exemplary Role of the Confederation in Energy" (ERCE).
> **Climate protection:** 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 ratio between savings and emissions at the end of 2017 was around 1.23 (prior year: 0.99). Swisscom aims to achieve the "2:1 target" by reducing emissions and by promoting and marketing its sustainable portfolio.

See
www.sciencebasedtargets.org

Swisscom has reported its emissions reduction in 2016 to the Science Based Target Initiative (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 decarbonisation 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.

Efficiency increase in Switzerland since 1.1.2016 and forecasts in %
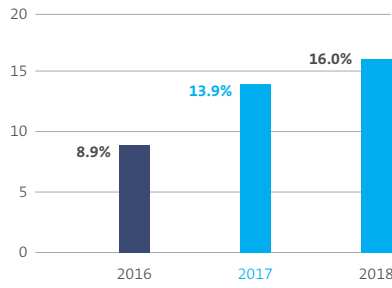
Ratio of CO$_2$ reductions to CO$_2$ emissions
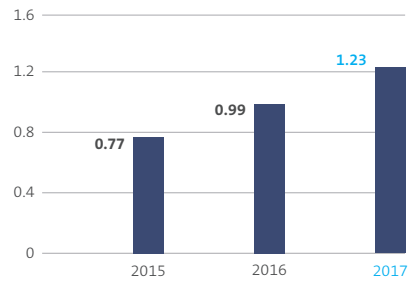
With regard to further environmental aspects that Swisscom takes into account in operations, further details can be found at the end of the section. The environment and purchasing policies form the basis of sustainable resource usage for Swisscom. Management norms, standards and internal directives allow 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 94.3% of the Swisscom Group (including Fastweb; prior year: 96.2%).

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 comprises 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
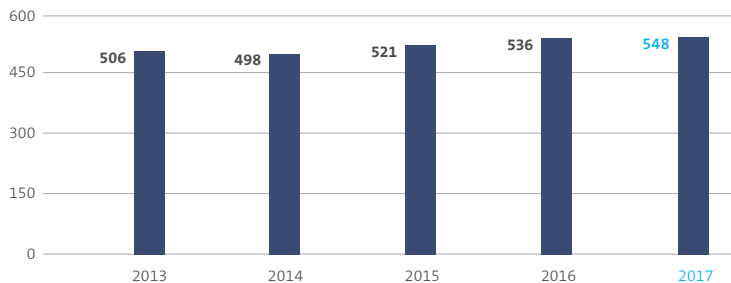
Energy management at Swisscom

Energy management at Swisscom aims to reduce costs, enhance efficiency and keep the company's direct and indirect ecological footprint to a minimum. In simplified terms, it comprises the following process steps:
> Determining energy requirements over a specific period of time
> Determining the energy mix, particularly the electricity mix
> Determining and approving energy efficiency targets and measures
> 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 468 GWh in 2017 (prior year: 448 GWh). This constitutes an increase of 4.4% (prior year: 3.2%). The company was able to balance out a portion of the additional energy consumption attributable to network expansion through efficiency measures. Swisscom mainly consumes hydroelectricity as well as its self-produced solar energy. It is still offsetting 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 is thus increasing the sustainability of its electricity mix. In 2017, as in previous years, Swisscom once again used 100% renewable energy, a claim that was verified by the SGS. The company purchased 20.0 GWh (prior year: 25.0 GWh) of "naturemade star" eco-electricity from solar energy.

Efficiency measures for the electricity consumption of networks

Swisscom saved a total of around 9 GWh of energy in 2017 through technology improvements and the implementation of energy-efficient equipment in its networks.
A significant portion of these savings is attributable to remote radio units (RRUs), which are affixed directly to transmission towers within the mobile phone network and consume up to 40% less energy than traditional radio units.
The "Mistral" energy-saving project to cool telephone exchanges was brought to a successful conclusion. 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.
An additional 66 exchanges were equipped or refitted with fresh-air cooling in the year under review. At the end of 2017, Swisscom was using Mistral to cool around 900 telecom systems in local exchanges as well as in transmitters for radio and TV.
Since Mistral was introduced in 2005, this has saved 49.3 GWh of electrical energy annually up to end-2017.
In the year under review, Swisscom cooled an additional 60 mobile base stations using fresh air, saving a further 0.6 GWh per year.
In the LTE mobile phone network, Swisscom has activated a function which reduces transmission output and thus energy consumption when transmission traffic is low. This saved an additional approximately 1.3 GWh in 2017.

Efficiency measures for electricity consumption in data centres

Swisscom achieved an average PUE (power usage effectiveness) value of 1.4 across all of its data centres in 2017 (prior year: 1.47). The data centre in Berne Wankdorf is particularly energy-efficient. It achieved a PUE value of 1.26 in 2017, the planned target value being of 1.2. The PUE value represents the ratio of total power consumed by the data centre to the power consumed by the IT systems running there.
Swisscom increasingly uses shared servers in its data centres. This server virtualisation requires less IT infrastructure than before and has enabled additional savings of 7.5 GWh in 2017.

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 2017, these checks helped optimise the operating conditions of 81 buildings, saving 409 MWh of energy (prior year: 416 MWh).

Swisscom is committed to modernising existing, inefficient lighting. This not only reduces its energy consumption, but also improves the quality of its lighting. In addition, efficient lighting systems emit less warmth, which has a favourable impact on ambient conditions. These measures alone generate annual energy savings of 114 MWh.

Efficiency measures with fuel consumption, heat and reduction of CO_2

Swisscom has to date been measuring the consumption of heating oil, natural gas and district heating on a monthly basis in its 64 largest buildings. From the 2017/2018 heating period onwards, the measurements will be taken in 120 buildings, which together make up well over half of the total floorspace. Swisscom will then extrapolate these figures to calculate the overall annual consumption.

During the year under review, Swisscom consumed 162.4 terajoules (45.1 GWh) of fuel to heat its buildings (prior year: 48.4 GWh). The company's fossil fuel-based heating mix comprises 59.4% heating oil, 16.2% natural gas and 24.4% district heating. Over the past five years, Swisscom has reduced the heat coefficient per m^2 in its buildings by 5.2%. While this resulted in a reduction in CO_2 emissions, the reduction is not always proportional because the energy mix changes each year.

Swisscom intends to further reduce the amount of energy it uses to heat its buildings. In pursuit of this objective, it systematically continued to implement operational optimisations in 2017 which reduced the energy consumption and CO_2 emissions involved in heating buildings. A detailed energy monitoring system provided an improved data set for the energy analysis in the year under review and uncovered instances of disproportionately high energy consumption.

In addition, Swisscom renovated and modernised several heating systems across Switzerland in 2017. Ahead of these renovations, Swisscom systematically examined alternatives to heating using fossil fuels. To compare the costs of the possible variants, it applied a total cost of ownership (TCO) procedure detailing the energy and CO_2 costs. Swisscom set the CO_2 price at CHF 84 per tonne (CHF 96 per tonne from 1 January 2018), which corresponds to a shadow price based on the national CO_2 levy set in the CO_2 Act.

For its heating systems Swisscom prefers variants which manage without fossil fuels. Consequently, Swisscom will do without the use of heating oil entirely from the 2017/2018 heating period at nine locations (prior year: 15), which will lead to a total reduction of 185 tonnes of CO_2. Instead, Swisscom will generate the necessary heating mainly from heat pumps.

Swisscom also implemented eleven eco-relevant building projects in 2017. As evidenced by an internal reporting form, this lets the company save 43 MWh of energy and reduce its CO_2 emissions by 11.5 tonnes.

The energy checks also helped reduce CO_2 emissions by 43 tonnes (prior year: 45 tonnes).

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 2017, the vehicles in Swisscom's fleet covered a total of 54.9 million kilometres (prior year: 60.2 million kilometres) in the service of customers (i.e. not including private trips), which corresponds to a fuel consumption of 128.0 terajoules (35.5 GWh; prior year: 139.8 terajoules or 38.8 GWh). As a result, fuel consumption decreased by -9.2% year-on-year (prior year: -2.6%).

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 105 g CO_2/km, as of the end of 2017, with 96% of the fleet classified in energy efficiency categories A and B. For this purpose, Swisscom operates a fleet of 506 (+9.1%) hybrid vehicles, 26 (-42.2%) natural gas-powered vehicles and 6 (-62.5%) electric vehicles, which are intended to 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 2017, Swisscom employees used 118,104 (-5.3%) rail tickets for business travel and were issued with 11,116 (-20.9%) half-fare cards and with 3,055 (-10.0%) GA travelcards.

Efficiency gains through sustainable ICT services at Swisscom

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

> **Virtual conferences:** 33 Swisscom sites are equipped with the Telepresence virtual videoconferencing solution, including Fastweb in Italy.
> **Work Smart:** Swisscom employees work with their colleagues very simply using videoconferencing and desktop sharing, 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 allow buildings or transport systems to be operated more efficiently than before. In the area of smart buildings, Swisscom conducted a successful pilot with an external company in 2016 aimed at optimising the operation of heating systems in Swisscom buildings using weather forecasts. In winter 2016/2017, Swisscom rolled out the system in a further five buildings. Despite the comparatively low investment required, the company's aim is to achieve considerable savings in heating energy of up to 50%.

Generating electricity

For more than ten years now, Swisscom has been generating its own electricity. It sees this as an important contribution to a sustainable energy policy. As part of every roof renovation on its telephone exchanges, Swisscom systematically looks into the construction of a solar installation. Provided such a facility is deemed economically viable, the option is then implemented.
Swisscom commissioned an additional seven solar installations at transmitter stations (145 kWp) or at telephone exchanges (166 kWp) in 2017.
The total output of all of Swisscom's solar installations is 1,980 kWp (+311 kWp or +18.6% compared with the prior year's output of 1,669 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 2020 – triple the target value as at end-2015. In addition, it is also keen to fully utilise its estimated potential of 3,500 MWh at its own locations within the next five years.

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 supplies waste heat from its operation buildings or data centres to district heating associations or neighbouring areas within the scope of special agreements. Specifically, it also 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 area. This enabled Swisscom to supply 8.9 GWh of thermal energy to the neighbouring areas as district heating in 2017 (prior year: 8.1 GWh). This measure saved 890,000 litres of heating oil (prior year: 810,000 litres) and avoided the CO_2 emissions that would have been generated.

Overall impact of efficiency measures at Swisscom

Swisscom's energy consumption (electricity, heating fuels and vehicle fuel) in Switzerland amounted to 548 GWh in 2017 (prior year: 536 GWh). Without the efficiency measures implemented since 1 January 2016, Swisscom would currently consume an additional 71 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 climate protection target of 2 to 1 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.

Climate change carries risks and affords opportunities

The following activities in particular contribute to climate protection: analysis of the opportunities and risks climate change brings with it; creation of a programme and implementation of appropriate measures relating to the relevant issues; monitoring and reporting. Coordination and management of these activities is the responsibility of the CR team.

Swisscom is presented with opportunities to generate revenue in the setup and development of a "green" – in other words, sustainable – portfolio of products and services. This section contains further information on this below. Risks can be mitigated by reducing CO_2 emissions, not only directly, within the company itself, but also indirectly with customers through a sustainable portfolio of products and services. 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)

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

Status 2016: 449 kt CO_2 eq   Status 2016: 451 kt CO_2 eq.
Status 2017: 400 kt CO_2 eq   Status 2017: 493 kt CO_2 eq

Smart City

Goal 11 in the list of Sustainable Development Goals is "Sustainable Cities and Communities". ICT technologies play a crucial role in this regard, since their smart use can help improve quality of life in urban living spaces, protect the environment and conserve resources. In 2017 Swisscom decided to tackle the Smart City concept head-on. The aim of this was two-fold: firstly, to take full advantage of the contribution Smart Cities can make to sustainability; and secondly, to develop a new business area. Swisscom already has various Smart City solutions. For example, the Swisscom Insights platform allows traffic flows to be tracked and analysed and subsequently used as a basis for traffic and construction planning within a city. This platform also makes it possible to improve security at large events. Another Smart City application includes the use of sensors in the area of the Internet of Things which can be applied cost-effectively to measure the level in waste containers or to monitor car parks or green spaces via the LoRa network implemented nationwide in 2016. Swisscom intends to make targeted additions to its portfolio of Smart City services in 2018.

CO$_2$ savings by customers thanks to sustainable ICT services

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, by 2025 in Switzerland, ICT has the potential to eliminate up to 3.37 times more greenhouse gas emissions than will be generated in total by ICT devices and infrastructures through their production, operation and disposal combined. Conversely, emissions from the use of ICT mainly come from the manufacture of devices. Heavy devices in particular, such as desktop PCs, increase emissions from the ICT sector. But even with smaller devices, such as smartphones and laptops, the manufacturing energy determines the carbon footprint. For this reason, increasing importance is being attached to extending the life cycle of ICT equipment.

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, in saving energy and in 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 their home office. 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.

⊕
See
www.swisscom.ch/
greenict

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

Sustainable ICT services for business customers

Goal 11
SUSTAINABLE CITIES
AND COMMUNITIES

Sustainable ICT services from Swisscom help business customers, such as companies and cities, 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 is the LoRa network, which was created in 2016 as a basis for many new services in the area of the Internet of Things throughout Switzerland. Sustainable ICT services are provided today 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

Goal 12
RESPONSIBLE CONSUMPTION
AND PRODUCTION

> **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.
> **Data centre services:** Outsourcing and virtualising servers in efficient data centres to optimise energy consumption
> **Dematerialisation:** Reducing the use of paper through solutions for paper-saving printing and working without paper
> **Home office:** Home office and mobile working solutions to reduce business travel
> **Virtual conferences:** Solutions for efficient workplaces in order to reduce business travel

⊕
See
www.swisscom.ch/
sustainability

In 2017, Swisscom distinguished 53 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.

Corporate Responsibility
Energy efficiency and climate protection

Sustainable ICT services for residential customers

The residential customer segment of Swisscom Switzerland launched a programme during the year under review to further develop its range of Green ICT services for residential customers. 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.

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

> **Smart energy:** The subsidiary Swisscom Energy Solutions Ltd has launched the tiko power service, which 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.

This pool will allow 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. Swisscom Energy Solutions also launched the products tiko sun and tiko storage in 2017. tiko sun increases personal consumption from a personal photovoltaic system by purposefully operating heat pumps or boilers as soon as solar power is produced. tiko storage increases the share of personal consumption further 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.

> **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 bill online rose from 32% in 2016 to 36.6% as of the end of 2017. 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.

Swisscom's activity-related CO_2 emissions

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 consumed** by devices through customer use
> **Energy consumed** by producing the devices
> **Energy consumed** by network elements

The energy consumed by customer devices can be extrapolated to 286,000 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 to launch a joint information campaign. The aim of the campaign 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 supporting these transparency measures by continuing to inform its customers about energy consumption even after the campaign and explaining energy-optimised settings on its website.

> **ENERGY CHALLENGE 2017:** Swisscom has been continuing its main partnership with ENERGY CHALLENGE 2017 to raise awareness among customers and non-customers about how to operate their smartphones in a sustainable manner. At each of the three public trade fairs – Muba, Comptoir Suisse and Züspa – Swisscom ran a mobile repair centre for smartphones for ten days and advised customers on how to extend the service life of their mobile phones. It also informed the population about sustainability issues in relation to ICT in a series of articles published in the daily newspaper "20 Minuten".

> **Swisscom TV 2.0:** Swisscom TV 2.0 no longer stores recordings on the set-top box itself, but in the cloud. As a result, the box does not need a hard disk, which means that it consumes around 36 kWh or around 40% less energy than its predecessor model each year. Swisscom has also provided Swisscom TV 2.0 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 continued to replace its customers' old TV boxes with the new, UHD-

compatible TV box. In spite of its significantly improved performance, the new box does not use more energy. By the end of 2017, Swisscom had attracted 1.467 million customers to sign up for Swisscom TV. Swisscom TV 2.0 has therefore recorded far more customers than its predecessor. Despite this customer growth, the level of energy consumed by customers has declined.

> **Internet-Box:** Swisscom launched the Internet-Box 2 in 2016, which replaces the Internet-Box Plus. Swisscom did not launch any other Internet boxes on the market in 2017. The new Internet-Box 2 now offers several energy-saving features. One is a time switch allowing users to set times during which the Wi-Fi, the central storage function or the telephony (DECT) will be switched off. Moreover, thanks to the Internet-Box 2, 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.

> **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 based on Scope 1, 2 and 3 of the Greenhouse Gas Protocol (GHG):

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 resulting, for example, throughout the supply chain).

> **Scope 1 emissions:** Direct consumption of fossil fuels accounted for 12% of Swisscom's total direct energy consumption in 2017 (prior year: 15%). Scope 1 CO_2-equivalent emissions from fossil fuels have fallen by 22.0% since 1 January 2010 and totalled 18,119 tonnes of CO_2-equivalent in 2017, without adjustment for the number of heating days. Vehicle fuel accounted for 55% of this, and heating fuel for 47%. In addition, emissions from refrigerants included under Scope 1 were 352 tonnes (prior year: 220 tonnes). Swisscom does not include emissions from SF_6 losses in electrical transformers and stations as it does not control these systems.

Swisscom direct CO_2 emissions (Scope 1) in thousand tonnes

	2013	2014	2015	2016	2017
	23.8	21.4	20.1	19.8	18.1
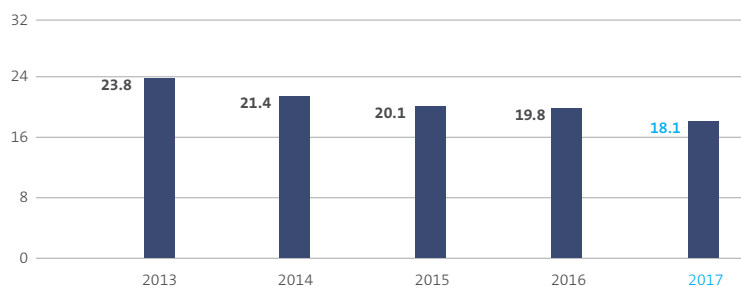
> **Scope 2 emissions:** Swisscom presents its Scope 2 emissions before and after offsetting. The CO_2-equivalent emissions from electrical energy consumption before offsetting amounted to 56,054 tonnes of CO_2-equivalent in 2017 (location-based approach) or 0 tonnes of CO_2-equivalent after offsetting 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 2017, but had a share of 948 tonnes of CO_2-equivalent from district heating.

> **Scope 3 emissions:** Swisscom determined its greenhouse gas emissions in accordance with the categories of Scope 3. In 2017, the emissions in the supply chain (categories 1 purchased goods and services, 2 capital goods and 4 transportation and distribution to distribution centres) amounted to 291,300 tonnes; employee commuting (category 7) 17,519.5 tonnes and the remaining Scope 3 emissions 77,445.4 tonnes (categories 3 provision of energy, 5 waste generated in operations, 6 business travel, 8 leased sales outlets, 9 transport to customers, 11 use of the products, 12 decommissioning of the handsets and 15 investments). The following categories were excluded: processing of sold products (category 10), downstream leased assets (category 13) and franchises (category 14). These categories were not relevant, as in 2017 Swisscom did not manufacture any products, did not operate any distribution centres (downstream leased assets) and did not operate any franchises. Swisscom's CO_2-equivalent emissions according to Scope 3 amounted to 386,265 tonnes (prior year: 439,791 tonnes).

The climate report not only provides information on CO_2 emissions, but also on the effects of the reduction measures implemented within the company. 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. The ratio of savings among customers to emissions improved slightly year-on-year (0.99) to end 2017 at 1.23.

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 and in the Carbon Disclosure Leadership Index (CDLI) in 2017.

Other environmental aspects in the company

It takes not only energy but also a multitude of materials to operate telecommunications networks. Swisscom therefore pays attention to its ecological operation. As part of its environmental management system according to ISO 14001, it processes other environmental aspects systematically and has significantly optimised its operation with regard to its ecological footprint. Outside the energy field, other reduction targets and measures currently still lead to relatively few improvements. Swisscom therefore aims to reduce consumption with 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 selection, recycling and reuse of materials.

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. Swisscom also used this high-quality recycled paper for its new simple billing during the year under review. For advertising or print media, Swisscom only uses 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. Swisscom also uses 34 g/m^2, 38 g/m^2 and 40 g/m^2 paper with the "Blue Angel" environmental label for telephone directories. 13% of telephone directories are printed in Switzerland using Swiss paper and a greater grammage. Paper consumption for telephone directories is on the decline as fewer and fewer directories are being printed.

In tonnes	Quality	2015	2016	2017
Paper				
Office (copiers, printers) (80 g/m^2 = 5 g/sheet)	Blue Angel [1]	137	92	76
Print media	FSC Label	2,333	2,209 [2]	2,011
Bills and envelopes (envelopes = 6 g/per envelope)	FSC Label	384.0	441.0	394
Phone directories	Blue Angel	2,699	2,414	1,963
Total paper consumption		5,401	5,130 [2]	4,444

[1] 75%
[2] 770 tonnes of packaging included

Cables, optical fibres and telephone masts

In 2017, 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. The amount of copper used varies from year to year, as the table shows. The rollout 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 also replaced or installed new wooden telephone masts which are treated with copper and chromium-containing preservatives. It introduced a new process for checking telephone masts in 2015. This makes it possible to just replace defective telephone masts during renovation work. This process has radically reduced the number of telephone masts installed since 2015, as fewer masts were classified as rotten than in previous years. Three partner companies guarantee these telephone masts are disposed of in an environmentally friendly way at the end of their life cycle. In 2017, Swisscom introduced an organic process for treating masts in the ground. The product used (Avengelus) consists of fungi of the species Trichoderma fungi and combats copper-resistant rot fungi.

in km, tonnes or number	Unit	2015	2016	2017
Material				
Optical fibre	fkm [1]	1,364,004	1,202,362	1,140,233
Copper pairs	km	81,191	62,637	53,970
Plastic pipes PE	km	734	492	428
Copper [2]	Tonnes	924	732	667
Plastic pipes PE [2]	Tonnes	725	438	389
Telephone poles (wood)	Number of items	7,502	3,515	4,754

[1] Fibre kilometer
[2] converted from plastic pipes, respectively copper pairs

Water

Swisscom projects its water consumption on the basis of an average measurement conducted in its largest buildings and multiplies this measurement by the number of FTEs. The measurement taken covers more than half of Swisscom's FTEs and is therefore representative. The average measurement results in a consumption of 42.8 litres per FTE and day in 2017. 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. Water as an environmental indicator thus carries little weight for Swisscom. In order to cool the return air in its data centres, Swisscom uses dry cooling. It only uses hybrid or adiabatic (i.e. through evaporation) systems to cool return air in exceptional cases. In accordance with an internal directive, preference must be given to rain water or, if permitted, river/lake water in such cases. 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.

Cooling systems and refrigerants

Swisscom is in the process of replacing all compression cooling systems that use cooling agents at its telephone exchanges with the advanced Mistral cooling system. 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. It now operates compression cooling systems with cooling agents only in data centres, and regularly checks that such systems are free of leaks. Cooling agent emissions in the year under review were determined on the basis of a refill volume of 445 kg (prior year: 182 kg). They have a global warming potential (GWP) of 352 tonnes CO_2-equivalent (prior year: 220) and no ozone-depleting potential (ODP, 0 kg R-11 equivalent). Swisscom requires the use of natural cooling agents for the conversion or development of data centre cooling systems. If no other option is available, it uses cooling agents with a very low global warming potential. In 2015, Swisscom became the first company in Switzerland to install – at its operation building in Zurich Herdern – a heat pump using HFO-1234ze working fluid. This working fluid has a very low global warming potential (GWP = 6). 2016 also saw Swisscom retrofit facilities in Ticino to make them compatible with the new working fluid.

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 selects its products carefully in order to extend their life cycle. The volume of waste in the recycling segment is currently rising due to the change in technology or the migration to All IP (fibre-optic technology). 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 and operational waste disposed of in municipal solid waste incinerators, and special waste that is subject to inspections (refrigerants with waste code 14 06 01, glycol water with waste code 16 01 15, 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 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	2015	2016	2017	2017 in %
Waste categories				
Recycling	1,645	3,575	2,036	36.1%
Domestic waste disposal in incineration plants	1,505	750	721	12.8%
Operational waste disposal in incineration plants	1,944	2,596	2,871	50.8%
Special waste	23	30	19	0.5%
Total waste	5,117	6,951	5,647	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: 77; equivalent to 1.25% of the 5,400 base stations) are located in Ramsar and Emerald protection areas, water protection areas, bird sanctuaries and 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. Specifically, Swisscom was allowed to install two new stations in nature reserves in the year under review – of course, after presenting the respective permits.

Base stations continue to form the backbone of any and all mobile phone networks. When positioning these antennas, Swisscom focuses not only on radio technology aspects, but also on seamless integration into the landscape and townscape as well as efficient utilisation of the available building land. Specifically, 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, there have been no negative effects 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 2017, Swisscom dismantled one station and rehabilitated the ground affected.

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 through the personal efforts of Swisscom employees on site during Nature Days. These Nature Days are part of the Corporate Volunteering Programme "Give&Grow". In 2017, Swisscom employees clocked up a total of 1,117 volunteer days (prior year: 1,007) 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 in 2016. 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 mobility 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. Swisscom is reducing NO_x and SO_2 emissions by continually optimising heating boilers and drive motors. The emissions are listed in the table of environmental key figuress, on page 40.

Environmental key figures in Switzerland

	Unit	2015	2016	2017
Land/buildings				
Net floor space (NFS)	million m²	0.92	0.93	0.93
Paper consumption				
Total paper consumption	Tonnes	5,401	5,130	4,444
Water/sewage				
Water consumption [1]	m³	183,654	182,451	188,410
Energy, electricity				
Electrical energy consumption [2]	Terajoule	1,563	1,613	1,683
	GWh	434	448	468
Energy, heating [3]				
Heating oil	Terajoule	109.4	106.3	95.9
Natural gas	Terajoule	24.4	28.2	26.6
District heating	Terajoule	36.7	39.6	40.0
Total Heating	Terajoule	170.5	174.1	162.4
Energy, fuel [4]				
Petrol	Terajoule	15.9	21.6	16.4
Diesel fuel	Terajoule	125.0	116.3	111.3
Natural gas	Terajoule	2.6	1.9	0.3
Total fuel	Terajoule	143.5	139.8	128.0
Vehicles	Number	3,693	3,403	3,160
Kilometers driven	million km	59.5	60.2	54.9
Average CO_2 emissions [5]	g per km	113.0	109.0	105.0
Energy, total				
Energy consumption	Terajoule	1,877	1,929	1,973
	GWh	521	536	548
Air emissions				
Carbon dioxide CO_2-eq from the consumption of fossil energies [6]	Tonnes	20,129	19,837	18,119
Nitrous gases NO_x [7]	Tonnes	19.6	19.3	17.9
Sulphur dioxide SO_2 [8]	Tonnes	3.7	2.8	2.8
Waste				
Total amount of waste	Tonnes	5,117	6,951	5,647

[1] The water consumption (without cooling water) is extrapolated on the basis of the average rate of 42.8 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 (with a total floor space of over 45%).

[4] The fuel consumption was adjusted from private use. The km driven and the air emissions were adjusted accordingly.

[5] Average emissions per kilometre refer to manufacturer's indications.

[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 6.01 litres per 100 km (2014), 6.00 (2015), 5.9 (2016), 5,8 (2017).

[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 (in German).

Work and life

Swisscom supports customers in their efforts to achieve a sustainable way of living and working. This includes offers for mobile working and a health platform. Swisscom is thus committed to promoting a Switzerland that offers room for living.

Environment, objectives and management approach

Swisscom aims to offer one million people the opportunity to use mobile working models by 2020. It also hopes to gain one million customers for its services in the healthcare sector. As part of its management approach, Swisscom has internal departments and policies in place to review and establish criteria for services and platforms in the healthcare sector and for mobile working.

Work Smart offers

Work Smart

Swisscom pursues a vision for cooperation within the company: All employees work together easily, directly and without barriers – as part of a team and across divisions as well as with external partners. This collaboration takes place not only in the office, but at the locations that are most convenient and conducive for employees and with the right tools for the job – on a flexible time schedule and in line with their needs. The Work Smart solutions offered by Swisscom not only enable employees to work when they want and where they want, they also place the emphasis on the useful exchange of knowledge and information. In this way, the solutions boost the productivity of employees and give them a great deal of freedom in the way they structure their work. A home office, for example, is well suited for tasks requiring a high level of concentration. Finally, Work Smart means that employees can make productive use of their travel and waiting time – and also takes some of the strain off the rail and road networks if they avoid rush hours.

Work Smart enhances individual job satisfaction and improves personal well-being by helping employees strike a good work-life balance. This must of course take due consideration of employment law and the conditions governing collective employment agreements in order to prevent any potentially adverse effects of the increased flexibility. Alongside its flexible work structures and time management models, Swisscom also offers employees the option of purchasing additional holiday time.

An internal Swisscom survey on Work Smart revealed that around 90% of all employees are able to benefit from the flexible working options offered. Around two thirds of Swisscom employees currently make regular use of mobile working. A comparison with the rest of Switzerland, where around 38% of employees are given the opportunity to "work mobile", clearly shows that Swisscom is taking a pioneering role in the area of Work Smart. It offers its business customers Work Smart coaching seminars, shares its experience with them and supports them in their development of modern collaboration methods.

Great potential through mobile working and acyclic commuting

Swisscom is conducting various studies to investigate the benefits of mobile and flexible working and the associated change in corporate culture. It also provides assistance with cultural change. In the year under review, as a founding member of the Work Smart initiative in collaboration with OHM experts (experts in occupational health management), it pressed ahead with the creation of a script for a workshop. The workshop addresses Work Smart issues that impact on health. It helps teams to devise Work Smart rules. These rules create clarity and reduce the stress and mental strain that can arise with flexible working hours.

The FlexWork Study 2016 by the University of Applied Sciences and Arts Northwestern Switzerland FHNW explains how mobile working and the obstacles facing it in the world of work have changed since 2014. Swisscom has collaborated with the University of Zurich on its Work Smart Manual, which discusses these issues. This manual uses methodologies and case studies to show how Work Smart can be introduced and established in companies. It confirms that, of the approximately 5.017 million people in gainful employment in Switzerland, around one quarter used flexible models to their maximum advantage in the year under review. This stands in contrast to the 2.81 million workers who, due to the nature of their work, infrastructure arrangements or company regulations, were not able or allowed to work flexibly. Around 30% of the total working population would like to be more mobile in their jobs. About 11% of employees could directly benefit from more flexibility, since their work allows it. However, they do not have the necessary technical infrastructure at their disposal, or they do not have the approval of their employer.

Of those who do use mobile working, around 52% use Swisscom broadband connections, i.e. 989,000 people. The following services support mobile working:

> **Conferencing services:** The 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 video conferencing, 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.

Swisscom is a founding member of the Work Smart initiative

Swisscom co-founded the Work Smart initiative in 2015 and is actively involved in the work done by the organisation as project manager. It shares its experiences with other Swiss companies and aims to contribute to a sustainable Switzerland with its knowledge and in-depth research. This is because it is not only customers and employees who benefit, with more flexibility and quality of life, but also companies, which gain greater productivity. The three goals of the Work Smart initiative are to promote a better balance between work and family life, to integrate additional groups of persons into work processes, and to make intelligent use of resources and infrastructure.

The Work Smart initiative facilitates new ways of working and supports cultural change. To this end, it promotes flexible work irrespective of location, simplifies access to knowledge that knows no boundaries, and conducts in-depth research with scientific partners. In the year under review it supported the "Coworking Experience", a study by Village Office on the topic of co-working. By the end of the year a total of 144 companies had signed the charter, 51 more than in 2016. In addition, the Swiss Confederation and HP Schweiz AG joined as new network partners. Each year, the flexible working initiative organises a Work Smart Week featuring events for companies and signatories of the charter.

Providing information to and raising the awareness of customers and the wider population

In 2016, Swisscom renewed its partnership with WWF Switzerland and continued it in 2017. It sponsors the WWF "Ratgeber" (Advisor) app and the WWF Footprint Calculator. In the year under review, WWF and Swisscom jointly commissioned a study into the impact of digitalisation in Switzerland on climate protection. The goal of the study is to inform the public and the business community about the opportunities and risks of digitalisation for the environment. With the Advisor app, the WWF and Swisscom are heading in a new direction as "partners for the environment". A separate menu within the app illustrates Swisscom's commitment to the environment and society and is evidence of Swisscom's aim of promoting a sustainable lifestyle. In the year under review, the app drew attention to monthly Swisscom reports dealing with sustainable lifestyle issues. The Footprint Calculator is a simple method of calculating your personal ecological footprint and provides users with personalised tips on how to live more sustainably in daily life.

Offers in the healthcare sector

Digital health for a healthy Switzerland

Swisscom is networking the Swiss healthcare sector by means of secure solutions for the digital exchange of data. For this purpose, it is pursuing three main strategies. Firstly, Swisscom is helping service providers such as hospitals, nursing homes and doctors to increase efficiency through the digitalisation of processes and secure data communication. Secondly, it is contributing to the introduction of electronic patient records, enabling the population to gain simple and secure access to their digital health data. Thirdly, it is offering its customers technological opportunities for health-conscious living.

Digitalisation as an opportunity

Healthcare costs in Switzerland are rising at a seemingly unstoppable rate. According to the Swiss Federal Statistical Office, 12.1% of GDP is spent on healthcare. The digitalisation of processes and information offers huge potential in the fight against rising healthcare costs. In 2017, Swisscom and the Zurich University of Applied Sciences (ZHAW) investigated how much data is created annually in the Swiss healthcare system. The analogue data fills around 300 million sheets of A4 paper, of which almost half is created by GPs. Added to this is around 1.5 million gigabytes (GB) of digital health data in the form of images and other files. 73% of this data is generated in 240 Swiss hospitals, which accordingly demonstrate a comparatively high level of digitalisation internally. However, it is still the case that the potential of digital processes between service providers is barely utilised. This is where Swisscom comes into play with its solutions, which, among other things, optimise transfers and the exchange of information.

Health Connect – basis for networking in healthcare

Swisscom set the following Group goal in the area of its CR strategy: by 2020, Swisscom aims to be supporting one million customers through offerings and services in the healthcare sector. Currently, some 3,500 doctors and 200 hospitals use Swisscom services as customers. In addition, several tens of thousands of private individuals use Evita, the digital health dossier from Swisscom. Around 200,000 people use the health portal Healthi as part of occupational health management or as customers of insurers and pharmacists that use Healthi for their loyalty programmes.
Swisscom expanded its customer base in the healthcare sector in 2017. It persuaded large GP and physiotherapy chains to adopt its practice information system. It also pressed ahead with the creation of eHealth platforms for hospitals and cantons on the basis of its Health Connect solution. For the cantons of Zurich and Berne with a total population of 2.5 million, Swisscom will operate what is probably the largest eHealth platform in Switzerland. This platform will not only enable the introduction of electronic patient records but also optimise processes at and between service providers.

Healthi – the health platform
Healthi, the web-based interactive health platform for employees, is part of Swisscom's responsibility towards its employees. Through informative articles and up-to-date tips on nutrition, exercise and well-being, the platform helps employees improve their health literacy. In addition, Healthi promotes social interaction within the company and is the point of contact at Swisscom for all health-related matters. Swisscom has made Healthi available to all its employees since January 2017. Other companies of all sizes can also pay a fee to use the portal – adapted to their needs. In doing so, they improve the health and well-being of their employees. In return, they receive anonymised analyses of their workforce's state of health.

See
www.healthi.ch

Evita – the online health record facility from Swisscom
The Evita electronic patient dossier from Swisscom enables patients to access health data collected by the doctor or hospital as well as patients' 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 feature of Evita is the online check-in. This enables patients to complete the formalities for hospital admission securely and conveniently from home. Evita will ultimately serve as a portal that enables patients to access their electronic patient records.

See
www.evita.ch

Promoting health among the population
Those who want to live a healthy life keep an eye on their fitness levels and exercise regularly. Swisscom Shops sell wearable accessories for fitness activities and for recording vital signs. In addition, Swisscom gives its customers attractive and secure access to digital services relating to their health data, such as through the health platform Healthi. Swisscom subsidiary Datasport makes a significant contribution to ensuring that popular and mass sporting

events in Switzerland run smoothly. Each year, Datasport organises over 300 events in the fields of running, walking, cycling, mountain biking, in-line skating, triathlon/duathlon, cross-country skiing and Alpine skiing. As a one-stop provider, it is responsible for data management, notification procedures, collection, time recording, results services, speaker and information systems and information dissemination.

Low-radiation communications technologies

Advice and information on wireless technologies and the environment

Five trained Swisscom employees are on hand to advise those involved in the construction and operation of mobile networks, as well as stakeholder groups who require general information on wireless technologies, the environment and health. During the year under review, Swisscom held around 140 discussions with key stakeholder groups on the subjects of mobile communications and the environment. These discussions are generally motivated by local projects. This figure comes on the back of some 170 discussions held the year before. In order to develop mobile communications in dialogue with local stakeholders and identify new mobile communications sites, Swisscom has worked together with the industry to develop a voluntary participation procedure which will help to determine new mobile communications sites. Swisscom has already launched this dialogue model in nine cantons. It also maintains a regular exchange with environmental agencies in order to ensure that environmental regulations for mobile communications are implemented correctly at all times. Thanks to the dialogue model, Swisscom is able to set up mobile communications sites that not only meet its own requirements, but also take into account the needs of local authorities and residents.

Research and development in the area of electromagnetic fields

The operation of wireless networks entails a great deal of responsibility for Swisscom. As a result, Swisscom follows scientific progress in the area of electromagnetic fields and works with internal and external specialists who analyse research findings and support relevant scientific work.

For example, Swisscom cooperates with and financially supports the Swiss Research Foundation for Electricity and Mobile Communication (FSM) based at the Federal Institute of Technology in Zurich (ETH Zurich). The FSM continually monitors and interprets the latest research published on the effect of electromagnetic fields on organisms and the measurement of emissions.

Based on current knowledge, scientists regard the current limits for electromagnetic fields as safe. Additional information is available in the WHO Fact Sheets No. 193 and No. 304.

Certification of the quality assurance system for compliance with ONIR limits

Swisscom is required to operate a quality assurance system (QAS) for its mobile base stations to ensure that the installations in operation comply with the statutory limits at all times. Swisscom certifies its QAS in accordance with 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 2017. Swisscom passed the audit, scoring a capability level of 3 (good) out of a maximum of 5. This result certifies that Swisscom has taken due account of all relevant processes governing compliance with the applicable limits when operating its mobile base stations.

Compliance with ONIR limits

The legal obligation to limit emissions from mobile communications installations in Switzerland is set out in the Ordinance on Protection from Non-ionising Radiation (ONIR), which protects people against harmful or undesirable non-ionising radiation. The ordinance applies to the operation of fixed installations that emit electrical and magnetic fields with frequencies of between 0 Hz and 300 GHz. The installation limits according to the ONIR are ten times lower than those in most other countries. In 2017, Swisscom met all federal legal requirements with respect to the ONIR. Swisscom forwards the transmission data of all mobile communications installations to a central database to which the municipal and cantonal enforcement authorities have protected access, enabling them to conduct random and independent checks on compliance with the ONIR limits at any time.

Duty to provide information on products offered at points of sale

Prices on all products on display and offered by Swisscom are clearly disclosed as prescribed by the Federal Ordinance on the Disclosure of Prices (PBV). This product declaration is supplemented by relevant technical information on the products. Customers and other interested parties can also 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. Instead, Swisscom provides this information to satisfy the customer need to know the relevant radiation value when selecting a device. As of December 2017, all mobile telephones offered by Swisscom comply with the limit of 2 W/kg pursuant to the recommendations made by the WHO; 62% are under 0.8 W/kg (prior year: 75%), and 50% are below 0.6 W/kg (prior year: 41%).

Media skills and security

Swisscom facilitates and shapes the information society in which everyone in Switzerland is intended to be a participant. Its infrastructure and services enable people to communicate and interact in both the public and private spheres at any time. Furthermore, Swisscom is aware of its obligation to alert users of digital media to the risks involved and offer them the necessary support.

Environment, objectives and management approach

Everyone in Switzerland should have access to the opportunities offered by digital media. Swisscom strives to ensure reliable network access throughout Switzerland. Beyond the applicable technical requirements, it takes the social impact of digital media seriously and is committed to fostering and developing media skills – both as part of its efforts in the area of youth media protection and through various initiatives which aim to bridge the "digital divide". Swisscom intends to pursue this aim further in 2018 and promote media usage with an emphasis on self-responsibility and moderation, thereby championing a healthy information society that adds value in line with the federal government's strategy. Swisscom is confident that Switzerland as a business location, the Swiss education system and the entire population will continue to benefit from a progressive ICT landscape. 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 digitalisation of further parts of society is essential. It covers much more than the mere use of technical devices and applications. Rather, it encourages everyone to be especially open and willing to learn on a daily basis. It is for this reason that in the current phase of transformation it is vitally important to develop a healthy, responsible attitude in dealing with the new forms for digitalisation.

Data protection

As part of its business activities, Swisscom processes data relating to various people. Swisscom processes this data in order to provide and continuously improve its services, to offer customers an enhanced experience and to open up new areas of business. Swisscom is committed to protecting the privacy of the persons concerned. A large proportion of data processing requires the consent of the persons concerned. Whenever possible, data analyses are conducted on the basis of anonymised and aggregated data with no personal reference. Under no circumstances is data containing personal references handed over or sold to third parties. A large proportion of data processing requires the consent of the persons concerned. Swisscom gives its customers the option to determine the use of their personal data themselves, and they can make changes themselves at any time in the online customer centre or by calling the Swisscom hotline or by visiting a Swisscom Shop. If customers wish to limit the use of their data (opt-out), then, in particular, no data is processed or passed on to third parties.

Swisscom continuously expands its data protection measures. For example, all employee rights of access to critical data have been reviewed and redefined. Technical measures have also been implemented to further improve data protection and confidentiality. A central data governance organisation has the task of stipulating and enforcing framework conditions for data processing.

Finally, Swisscom strives to provide information on issues relevant to data protection in non-technical language and in befitting detail. Part of the Swisscom website is dedicated to this.

Media protection for minors and promoting media skills

Media protection for minors and guidelines on media content

Digital media present both opportunities and risks for children and young people – although the risks are often ignored. Swisscom is determined not to leave parents to shoulder the responsibility of handling these risks alone. Instead, it supports parents and teachers by providing a wide range of information, resources and offers.

Particular importance is attached to privacy in youth media protection. Children and young people who disclose private or even intimate information in the public domain on social networks are often unaware of the repercussions this may have. 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.

Furthermore, Swisscom supports the High Principles on Child Protection of the European Telecommunications Network Operators' Association (ETNO).

Under the terms of §197 of the Swiss Federal Penal Code, it is forbidden to show content of a pornographic nature to persons under the age of 16. This prohibition applies to content providers and to Swisscom as a service provider alike. Swisscom is also rigorous in its interpretation of the regulations of the Ordinance on Telecommunications Services regarding 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. For example, companies that have signed up communicate more frequently with their customers about appropriate measures to improve media literacy. The industry initiative strengthens the role of youth media protection officers and is now also monitored by an external body. In 2017, this monitoring was carried out by Prof. Dr. Klaus Neumann-Braun of the Institute for Media Studies at the University of Basel. His report reveals the areas in which even greater commitment is required from the co-signing telecommunications companies: These are mainly areas associated with customer information. Swisscom goes beyond the legal requirements for youth media protection:

See
www.asut.ch

> Strict interpretation of safeguards when it comes to the indebtedness of customers who are minors
> No adult content whatsoever is included in the video-on-demand offerings on Swisscom TV or on the Bluewin information portal

See
www.bluewin.ch

> Additional channel blocking via PIN on Swisscom TV
> Providing youth media protection with the "Replay" TV function
> Providing FSK age-rating recommendations for all video-on-demand films
> Exceptionally stringent requirements apply to third-party providers of value-added services
> Intensive direct dialogue by the youth media protection officer in 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 total, Swisscom held more than 1,500 skills events with almost 35,000 participants throughout Switzerland in 2017. This makes it the largest provider of media courses in Switzerland.

See
www.swisscom.ch/ medienkurse

> **The JAMES Study:** The JAMES Study investigates the way in which media is used by young people aged between 12 and 19. In 2017, Swisscom devised various detailed studies or JAMESfocus reports based on the 2016 survey: The first JAMESfocus report addressed the online behaviour of young people. A second report examined the knowledge of young people concerning the sustainability of digital media. The third report concentrated on young people's interests and the criteria they use to select their role models in the digital world.

See
www.swisscom.ch/james

> **Media smart:** The advisor platform for parents has been online since 2013. It portrays real families and depicts the pedagogical challenge of getting children and young people interested in sensible media usage. Many families have since shared their personal experiences with privacy, cyberbullying, game addiction and being media savvy. The platform registered 31,022 visits in 2017. But this fell short of expectations.

See
www.medienstark.ch

See
www.swisscom.ch/storys

As part of its efforts to bring together the different communication channels in order to increase its reach substantially for the long term, Swisscom integrated media smart into the Swisscom Stories platform.

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 2017, over 16,000 people attended courses on how to use modern communications media. Since the launch of the Swisscom Academy, some 351,218 people have attended Swisscom's training 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:
> **Offerings 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 industry magazines ("Educateur", parenting magazine "Fritz und Fränzi", "Bildung Schweiz"), social media presence of the youth media protection officer (Twitter, Facebook)

"Internet for Schools" initiative

Goal 4
QUALITY EDUCATION

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 so its range of services is constantly being expanded. 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 additionally been helping nursery schools being integrated into junior schools as part of the intercantonal HARMOS concordat to take their first steps into the digital world. 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.

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. For example, the costs per school for security services for a copper-based connection amount to CHF 780 per year, although Internet access is free.

The desire for network connections with ever increasing broadband capability has grown steadily at schools due to current usage models. Many schools work with cloud-based ecosystems, exploding the flow of data between the Internet and schools. Swisscom has responded to this by opening up further connection possibilities for schools. Schools can now use mobile hotspots or the "Smart Business Connect" product which allows bandwidths of up to 1 Gbps. Swisscom provides schools with this product free of charge.

See
www.swisscom.ch/sai

Internet for Schools Number of schools

	2013	2014	2015	2016	2017
	6,600	6,581	6,334	6,020	5,683
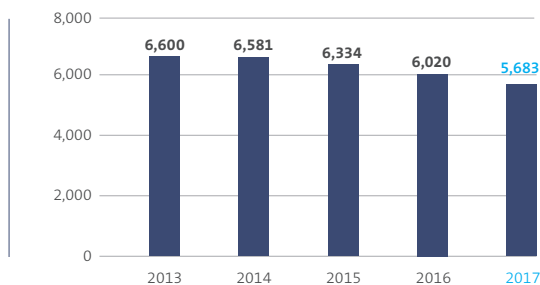
Courses Academy and promotion of media competency Number of participants (cumulative)

	2013	2014	2015	2016	2017
	253,458	295,000	361,923	405,159	456,377
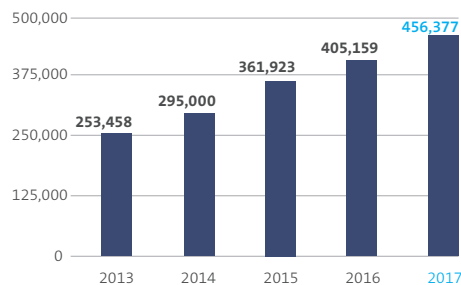
Swisscom has continued to press ahead in recent years with networking with various educational establishments. This ensures that Swisscom identifies the needs of schools in relation to ICT integration early. Swisscom cultivates its network through dialogue and events, in particular with the following institutions:

> Education server educa and the Swiss education server educanet
> Swiss Foundation for Audiovisual Teaching Media (SSAB)
> Association of Swiss Teachers (LCH)
> Union of French-speaking Teachers (SER)
> Worlddidac Association

Based on dialogue with these organisations and with a large number of schools, Swisscom has added further services to its package for schools. Schools can use "Storebox" to host the data created as part of their teaching securely and reliably in Switzerland and make it available to all stakeholders at any time. Swisscom also offers schools free use of the videoconferencing service "Skype for Business" from Microsoft.

In recent years, Swisscom has developed the application "Helloclass", initially on a small scale. Its market success demonstrates that the digital class register satisfies a huge need among primary school teachers. For this reason, Swisscom has re-issued "Helloclass" and now provides it to all Swiss schools – both as a free version or, as required, as a paid version which includes additional functionalities.

See
www.helloclass.ch

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 stakeholders from the education sector and 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 a legitimate concern to proceed with due caution when towing the delicate line between the public sector and private business partners/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. At no point will Swisscom use data for external purposes that was previously acquired for administration purposes only or within the scope of sponsorship activities. Accordingly, it does not employ aggressive advertising measures in schools.

Attractive employer

People and their relationships are at the heart of everything we do at Swisscom. Working with its staff is what makes Swisscom successful.

Swisscom operates in a very dynamic environment characterised by radical transformations. The core business is in decline, the market is saturated and the pressure on costs is high. At the same time, new technologies and increasing digitalisation and connectivity are opening up additional growth areas. As megatrends alongside demographic change and globalisation they are fundamentally changing politics, society and the economy and will have a long-term impact on Swisscom's business. Swisscom is thus evolving into an integrated technology provider that develops high-quality communications and IT solutions for its customers and lays the foundation for digitalisation through the infrastructure it provides. Swisscom is therefore committed to forward-looking human resources management, fostering a motivating performance and development culture and creating a working environment that supports its employees to unlock their potential, develop their skills and improve their individual employability.

Swisscom consistently focuses on meeting customer requirements. It empowers its employees to formulate clear personal contributions geared towards the team, department and corporate goals and to implement these contributions in mixed, cross-divisional teams. At the same time, it never loses sight of its promise to offer customers the best experiences as it helps them find their way in the digital world. Employees play a vital role in delivering on this promise and implementing the corporate strategy. Innovation, operational excellence and customer orientation are the keys for remaining competitive over the long term and maintaining the trust of customers in Swisscom, its management and its employees.

Environment, objectives and management approach

Group Human Resources is responsible for developing skills, culture and organisations within the company with an eye on future needs so that Swisscom can position itself as the top player on the market. Its services consistently drive forward the Swisscom strategy. Group Human Resources is responsible for implementing a uniform HR and social policy throughout the company and formulates and promulgates Group-wide standards, guidelines and principles. This unit supports the Group Executive Board and Board of Directors on HR policy matters, such as terms and conditions of employment, salary system and diversity.

Operational human resources management is essentially a matter for the specialist areas and line managers. Clearly defined Group Human Resources teams support managers in performing their management tasks independently from recruitment through to departures. Together with the internal competence centres, they make sure that the individual divisions fulfil their prescribed remit and support them in their needs.

Alongside traditional operational HR services, Group Human Resources focuses on the key areas of transformation, management, development and performance culture, and strategic workforce management. It plans the need for required resources and skills in collaboration with the divisions. In connection with this, it defines frameworks and key priorities for management development, succession planning and employees' professional development in order to take account of the economic and technological developments. In so doing, Group Human Resources, together with managers, establishes a management culture characterised by personal responsibility, trust, appreciation and a healthy focus on performance, while at the same time strengthening the four key skills "entrepreneur", "networker", "trainer" and "self-management". Group Human Resources also assists the units with effectively implementing agile forms of collaboration.

Group Human Resources is responsible for professional and vocational training throughout the Group and, as such, makes a key contribution to Switzerland as a business location. In addition, in its dealings with social partners and employee representations, the unit advocates the interests of the Group as a whole.

Group Human Resources pursues the following sustainability objectives:
> To strengthen diversity in terms of gender, inclusion, generations and language regions
> To press ahead with the Corporate Volunteering Programme "Give&Grow" as part of Swisscom culture and employee development
> To foster staff employability through a comprehensive range of products
> To develop and implement holistic occupational health management
> To promote flexible working hours and models as a contribution to "Work Smart"

These objectives are targeted through the initiatives and activities below.

The notes to the "Employees" section relate to pages 28–30 of the Annual Report.

Employee satisfaction

In order to obtain regular feedback from employees, Swisscom has introduced a new employee survey under the name of Pulse. Several times a year, employees submit their evaluations with respect to various questions relating to their personal work situation. The evaluations and comments for every question are visible to everyone in the company in real time, enabling teams and managers to respond to feedback immediately. Pulse fosters an open dialogue within the team and a constructive feedback culture – basic prerequisites, as far as Swisscom is concerned, for learning from one another and driving the company forward. Three survey rounds have taken place since October 2016. The response rate was 61% averaged across the three rounds, with 79% of employees taking part in at least one survey. The results so far show that 77% of participating employees rate their work situation as positive, 33% of them as very positive even. The Swisscom values for the dimensions surveyed are as high as or higher than those of the benchmark.

Raising employee awareness in general and in the area of Corporate Responsibility

Swisscom regularly provides its employees with training on relevant topics, including security, compliance and Corporate Responsibility. Welcome Days also sensitise new employees to ecological and social issues. In 2017, around a hundred employees took part in the internal ENERGY CHALLENGE, which provided Swisscom in its role as partner of the Swiss Federal Office of Energy with a platform to campaign for sustainable energy usage and explain how easy it is to save energy without infringing on comfort and quality of life. Swisscom employees were invited to nominate their personal contributions to energy efficiency. Selected contributions received financial support, awarded by a jury. In addition, employees were given the opportunity to test electric cars at four Swisscom locations free of charge for around six months. The Swisscom sustainability community event in November provided roughly a hundred employees with information on current developments and key actions in the area of Corporate Responsibility.

Corporate Volunteering

Corporate Volunteering is the term used to describe voluntary work carried out by employees for charitable causes. The Corporate Volunteering Programme "Give&Grow releases Swisscom employees from their duties so they can offer their services free of charge to municipalities and associations, while at the same time giving those who take part the opportunity to expand their skills and knowledge. Employees can choose from a wide range of volunteer projects in the areas of the environment (Nature Days), society (Social Days) and education (Economy Days) and dedicate up to two days of their working time to voluntary work each year. In 2017, Swisscom employees clocked a total of 1,140 volunteer days (prior year: 1,218). The number of days volunteered declined in the year under review. One possible reason is the ongoing reorganisation in various areas and the Swisscom Games which were held in 2017.

Bookbridge

Swisscom offers its employees a wide range of opportunities for professional and personal development. This includes the Bookbridge capability programme. Working in interdisciplinary teams, participants from various cultural backgrounds help set up learning centres for children and young people in Cambodia or Mongolia. This experience strengthens employees' entrepreneurial skills, nurtures their appreciation and understanding of other cultures,

and helps them learn – often in unfamiliar conditions – how to develop and implement innovative business models. To date, 28 Swisscom employees have participated in efforts to set up seven of these learning centres. Through its involvement in the programme, Swisscom is making a contribution to the future of children and young people in disadvantaged regions.

Health and safety in the workplace

Employee health

In 2017, the absence rate was 3.06%, down marginally on the previous year. While the number of absences fell by around 10% year-on-year, the duration of the individual absences increased.

In the case of long-term absences, there was a reduction in the number of cases, on the one hand, but a rise in the average length of absence, on the other. Approximately 1/8 of the absence rate is due to non-occupational accidents. Swisscom makes targeted investments in Occupational Health Management (OHM) initiatives and programmes, thereby supporting its employees in their efforts to stay healthy and motivated in the long term. In this context, Swisscom places special emphasis on prevention and early detection, including in matters relating to mental health in the workplace – an area where, as an employer, Swisscom can make the greatest impact on the health of employees. Specifically, OHM offers health checks for members of management and employees with a time registration waiver in order to detect health problems at an early stage. The service is geared towards prevention and is provided in part in cooperation with competent partners such as SUVA (risks in free time), SBB (quitting smoking) and Pro Mente Sana (mental health). Internally, the Leadership Academy provides a health offering for managers. OHM is breaking new ground in the way it addresses prevention issues by testing out new formats, for example, by launching podcasts and webinars on mental health. Following a selection procedure, Swisscom employees have the opportunity to take part in a six-week online stress management training course called "iCope".

Swisscom runs an advisory centre (Care Gate) to answer questions relating to health and social issues and function as a point of contact in relation to employability. Employees and managers can receive professional and confidential advice from Care Gate via telephone, e-mail, videoconference and chat.

Swisscom actively supports the Compasso organisation 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.

Promoting integration

Swisscom builds on the individual strengths and skills that each employee possesses. If employees are affected by health issues that impair their work performance, Swisscom is committed to keeping them integrated in the work process or offering them continued meaningful employment. In order to promote inclusion, Swisscom reserves at least one percent of jobs for employees with physical or mental impairments insofar as those concerned contribute to Swisscom's success. 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.

Occupational health and safety

Swisscom implements the statutory regulations for safety (as an umbrella term for occupational health and safety) systematically, thus protecting the health and integrity of its in-house/external employees. Safety is part of OHM. On 8 July 2016, the Federal Coordination Commission for Occupational Safety (FCOS) approved the 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). The approval is valid until 31 March 2021.

A central component of the safety system consists of determining threats in the operation and assessing the associated risks. The measures taken as a result are geared towards preventing work-related accidents and occupational illnesses as much as possible.

In connection with the launch of new cooperation models, followed by the transfer of certain tasks to contractual partners, such as contractors, suppliers, general contractors or sole contractors, Swisscom devises the corresponding safety requirements and defines the individual obligations in clear contracts.

The frequency of work-related accidents has remained stable. It lies at fewer than 18 accidents per 1,000 FTEs, which is significantly lower than in comparable industries (such as the insurance industry). To keep the accident

rate down, Swisscom implements the safety measures rigorously, involves all partners in this process and encourages employees to deal with risks consciously.

Number respectively as indicated	2015			2016			2017		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Illness and accidents (S+A)									
Regular working days in FTE	3,314,564	1,193,573	**4,508,137**	3,386,048	1,136,883	**4,522,931**	3,229,991	997,344	**4,227,335**
Days lost due to illness (w/o work-related illness)	65,081	45,451	**110,532**	70,686	48,164	**118,850**	68,977	40,240	**109,217**
Days lost due to work-related illness	57		**57**	–		**–**	19		**19**
Days lost due to work-related accidents	2,143	298	**2,441**	2,867	292	**3,159**	2,786	504	**3,290**
Days lost due to non-work-related accidents	11,212	5,125	**16,337**	12,871	3,632	**16,503**	12,838	3,991	**16,829**
Days lost total (S+A)	78,493	50,874	**129,637**	86,424	52,088	**138,512**	84,620	44,735	**129,355**
Number of cases of illness	16,815	10,101	**26,916**	17,236	9,841	**27,077**	15,408	8,272	**23,680**
Work-related accidents	252	62	**314**	238	36	**274**	261	38	**299**
Number of non-work-related accidents	1,941	683	**2,624**	1,933	634	**2,567**	1,896	619	**2,515**
Total cases [1]	19,008	10,846	**29,854**	19,407	10,511	**29,918**	17,565	8,929	**26,494**
Share of days lost due to illness (w/o work-related illness)	1.97%	3.81%	**2.46%**	2.09%	4.24%	**2.63%**	2.13%	4.03%	**2.58%**
Share of days lost due to work-related illness	0.0000%		**0.0000%**	–		**–**	0.001%		**0.001%**
Number of work-related accidents	0.06%	0.03%	**0.05%**	0.08%	0.03%	**0.07%**	0.09%	0.05%	**0.08%**
Share of days lost due to non-work-related accidents	0.34%	0.43%	**0.36%**	0.38%	0.32%	**0.36%**	0.40%	0.40%	0.40%
Rate of days lost total (S+A) in %	2.37%	4.27%	**2.88%**	2.56%	4.58%	**3.07%**	**2.62%**	**4.48%**	**3.06%**
Work-related deaths	–		**–**	–		**–**			–
Net presence in FTE	132,514	46,434	**178,948**	135,645	43,888	**179,533**	132,657	40,969	**173,626**
Total productive hours performed	22,475,000	7,911,034	**30,386,034**	23,063,332	7,490,400	**30,554,722**	22,314,302	6,921,116	**29,235,418**
Productive time per FTE in hours	1,728	1,696	**1,719**	1,738	1,687	**1,725**	1,741	1,756	**1,744**

[1] Failure of working time which generates medical costs

Move! and the Swisscom Games

Move! is a programme that promotes activities in the areas of health, sport and culture. These activities include running, skiing, climbing, pilates, back callisthenics and yoga as well as elocution, cooking and stress management lessons. Employees can become Move! coaches and take part in an activity. Activities are conducted during employees' free time. Move! broadens participants' horizons and brings together employees from different divisions within Swisscom. In 2017, more than 145 Move! coaches conducted over 300 activities, which were attended by a total of more than 3,500 participants.

The Swisscom Games are a biennial event. Employees can sign up for a team or individual sport, culture or social activity. The last Swisscom Games took place at the end of June 2017 in Tenero. In total, more than 3,200 employees took part in this unique event and had 42 activities to choose from. The Swisscom Games are a key networking opportunity for employees and an important part of the corporate culture. The next Swisscom Games will be held in 2019.

Diversity

Living and promoting diversity

The different points of view, experiences, ideas and skills of every single employee, which are expressed in everyday collaboration, are what make Swisscom a successful company. It is the diversity within its teams that underpins why Swisscom is one of the most innovative companies in Switzerland and helps to counter demographic challenges. Employees at Swisscom find a work environment in which they work together and for customers respectfully and with mutual trust. To promote diversity, Swisscom pays attention in its activities to the dimensions of gender, inclusion, generations and language regions.

Gender

As a technology company, Swisscom remains in a heavily male-dominated industry in which it is also mostly men who fulfil the required technical training profiles. For this reason, Swisscom endeavours to implement numerous measures to offer women incentives to choose training courses of relevance to them, to seize their various development opportunities, to utilise the flexible work models and to accept challenges, such as taking on executive functions. Women are proactively encouraged to apply for the talent programmes or to learn about job-sharing options in special courses.

Swisscom has set itself the target of increasing the percentage of women in management to 20% over the medium term. To achieve this goal, Swisscom already engages with schoolgirls at events such as the Digital Days for Girls. It also provides its female employees with specific training programmes for specialist and management tasks. Swisscom makes a further contribution within the "Women Back to Business" programme run by the Graduate School of St. Gallen. The aim of the programme is to make it easier for women to return to the world of work. It also aims to exploit the special expertise exhibited by women, who, alongside their technical qualifications, possess exceptional communication, conflict management and organisational skills and thus are particularly well equipped to meet the requirements placed on them in terms of flexibility and agility. A further element of the support given to women at Swisscom is aimed at men: to increase acceptance for part-time work, in particular, Swisscom offers its male employees the opportunity to work part-time on a trial basis. In a similar vein, Swisscom offers the hugely successful crash courses for fathers to all its male employees who are about to become fathers. The flexible working models described in the next section are also part of the support for women.

Reconciling career and family

Swisscom is a founding member of the Work Smart initiative. With that in mind, it offers its employees a wide range of flexible working models. These models range from part-time positions and job-sharing to mobile working – for example, from a home office, in co-working spaces or on the go – right through to the option of purchasing additional holiday time. This allows employees to strike a balance between their personal needs and their professional commitments and motivates them to develop and harness their individual potential. As a rule, Swisscom advertises its vacancies as flexible with an employment percentage of 80% to 100% and supports parents with financial contributions to childcare in certain situations. The Work&Care offering is geared specifically towards employees who are designated caregivers for family members.

These measures combined also help boost employee independence and motivation. They ensure strong identification with the company and a high level of employee satisfaction.

Generations

People of all ages work together at Swisscom. Cooperation and exchange between the generations allows employees to learn from each other. Swisscom benefits from this in many ways, such as with the development of products and services which meet the needs of their various customers.

Employees accept training and education offerings regardless of their age and in so doing continue to develop their skills. A part-time retirement model developed especially for older employees permits a phased-out exit from professional life.

Since 2017, Swisscom has supported the "Check your Chance" initiative of the Swiss Employers' Association. The goal of the initiative is to help young people in difficult situations as they embark upon a career through the 24/7 operation of a hotline.

To support employees at the other end of their careers, Swisscom provides work50.ch, a platform which specialises in finding jobs for people over 50 years old. Swisscom is also an economic partner of Lucerne University of Applied

See
www.work50.ch

Sciences and Arts for the Integrative Generations Management project and a partner of the World Demographic & Ageing Forum (WDA Forum). The WDA Forum is an international, inter-generational platform which supports exchange on matters to do with the general public, older people and generations.

Nationality and language

Employees from 88 nations work together at various locations throughout Switzerland to make Swisscom successful. To promote understanding across the language barriers, Swisscom offers its employees benefits when they attend language courses in their free time. When hiring new employees, Swisscom attaches importance to considering applicants from the respective region since they are familiar with the local customs. Swisscom maintains partnerships with the universities of applied sciences in Switzerland's various linguistic regions in order to deliberately attract employees there who have the profiles required by Swisscom for further development.

Employee age structure in headcount (HC)

Staff development

Goal 8
**DECENT WORK AND
ECONOMIC GROWTH**
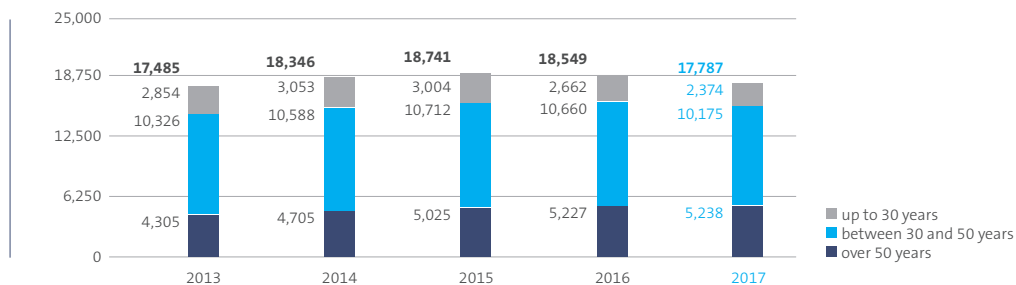
Swisscom perceives it as a vital part of an inspirational learning culture to give employees the freedom and self-management opportunities they need to grow and develop. As a pioneer in the field of digitalisation in Switzerland, Swisscom is dedicated to getting to grips with the working and learning models of the future so as to provide employees and managers with an environment in which they can develop and test these new skills. These include cross-functional squads and tribes – mixed teams which bring together all the skills and disciplines needed for execution and take the initiative in dividing their products with agile Employee-to-Employee (E2E) methods. Swisscom has also introduced the social operating system Holacracy in individual divisions which, by applying standardised rules, strengthens employees' authority and self-organisation in their roles and circles and, at the same time, paves the way for particularly efficient decision-making processes.

All employees have access to a range of e-learning models in the Learning Centre and in various academies. These modules offer different types of courses ranging from leadership topics and specialist subjects (for example, IT, the cloud and business economics) all the way to overarching issues such as security, digitalisation and governance. More and more employees are developing their own learning packages and sharing their knowledge with their colleagues on platforms. Swisscom offers its employees a learning environment that incorporates digitalisation in the way the educational offering is structured and disseminated as well as in terms of its content. Besides basic ICT knowledge, Swisscom has also developed a wide range of role-specific learning content, including social media for sales and data centre strategies, which it has incorporated into the Learning Centre. In agreement with line managers, all employees have the opportunity to attend internal and external training programmes. Swisscom supports the efforts of its staff to develop their skills and talents as part of the development dialogue. At the same time, it relies on the personal initiative of individual employees to acquire and increase employability by taking suitable measures. It is the same with talent management: employees use their initiative and put themselves forward for talent programmes. They are not selected for the programme by their line managers, although they are certainly supported in their application by them. This process has proven successful, and Swisscom now manages to fill most vacant positions with internal staff.

Through all these measures, Swisscom makes a valuable contribution to promoting the employability of its staff and improving the competitiveness of the company itself. It also ensures that the individual organisations within the company adapt dynamically to the changes within their fields of activity. The number of further education and training days in 2017 amounted to 3.1 days per employee.

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Corporate Responsibility
Attractive employer

Work Smart @ Swisscom

Work Smart requires a change in working culture. Swisscom therefore held an internal Work Smart week for all employees in the year under review, featuring relevant workshops and events. It has also initiated various measures to strengthen employees' awareness and adaptability (or resilience) in connection with Work Smart.
By signing the Work Smart initiative, Swisscom has pledged to foster new and mobile working models, flexible working irrespective of location and access to knowledge that knows no boundaries. It therefore supports its employees in their efforts to strike the best possible balance between their work requirements and their private needs. In addition, Swisscom is committed to integrating employees with physical or mental impairments into the work process and making ever more sustainable basic use of resources and infrastructure. As part of the Work Smart initiative, Swisscom shares its experiences with other companies and aims to contribute to a modern, sustainable Switzerland with its knowledge. Thanks to Work Smart, it is not only employees who benefit, with more flexibility and quality of life, but also companies, which gain greater productivity. See the section "Work and life" on page 41 for more information.

Development and performance dialogue: Performance management

To assess and promote employee performance and development, Swisscom will continue to develop its Performance Management System in line with requirements. Performance evaluations are held on the basis of binding contribution agreements, which are discussed openly within the respective teams. Dialogue with the employee's internal customers supplements the regular dialogue between employees and managers. This approach supports employees in meeting their agreed contributions over the course of the year.
The Leadership Academy offers managers in both personnel and technical leadership roles the opportunity to get to grips with the key skills required by a management function in a changing environment. Offerings tailored to individual employees and group- and context-specific platforms aimed at further improving management skills build up the competences of Swisscom's managers systematically and sustainably.

Training of future staff and staff recruitment

New hires

Swisscom is committed to the internal job market and develops its staff in a targeted manner in line with their skills. It first advertises available vacancies internally and tries to fill open positions with candidates from talent development programmes. When recruiting new employees, Swisscom seeks out individuals who are motivated and passionate about helping its customers and who want to help shape the future of the networked world.

Student interns and trainees

Swisscom is in close contact with Swiss universities, colleges and universities of applied sciences. By virtue of this process, it is in constant dialogue with researchers and developers in the field of the digitalisation of Switzerland and acquires talented, highly motivated university graduates as employees. Participation in recruitment fairs and other forms of collaboration – for example, as part of research projects or guest lectures – allows students to get to know Swisscom and the work it does and gain their first professional experience during their studies within the context of a practice-based Bachelor's or Master's thesis or an internship.
Once they have successfully completed their studies, graduates can take their first step on the career ladder at Swisscom through the trainee programme, a college internship or by direct appointment to a junior position. In 2017, 40% of the participants in the trainee programme were women. In addition, 115 people began internships at Swisscom over the past twelve months.

Vocational training

In August 2017, 234 young professionals completed their apprenticeship at Swisscom in seven different career paths. At the SwissSkills competition, a retail apprentice was placed second, a mediamatics apprentice achieved the third place and another apprentice won second place for the best integrated practical work, also in mediamatics. Four more apprentices achieved placings in the top ten in mediamatics and application development. Swisscom immediately hired around half of the 234 apprentices who completed their training at the end of July 2017.

In August 2017, 286 young people began their apprenticeships with Swisscom, 130 of whom were in ICT jobs in mediamatics and IT. In 2017, Swisscom again helped meet the high demand for interactive media designers by supplying corresponding training. Once again, five interactive media designers begin their apprenticeship at Swisscom. Swisscom created a total of 45 additional apprenticeship positions this year, 35 of them in ICT jobs.
At the end of 2017, there were 959 apprentices working at Swisscom, with 893 in technical and commercial apprenticeships at Swisscom itself as well as an additional 66 apprentices at its subsidiary cablex. The Swisscom training model is geared towards independence and personal responsibility. Apprentices take an active role in devising their training plan by applying for a new practical placement within the company every three to six months, during which they can acquire additional competences.

Staff recruitment outside of Switzerland

As a Swiss company, Swisscom is committed to the Swiss employment market. When recruiting IT specialists, however, Swisscom is required to maintain a presence on the European job market. This applies in particular to the recruitment of cross-border commuters, for example for its activities in French-speaking Switzerland. Swisscom is prepared to work together with both domestic and international recruitment partners where required, on the condition that they satisfy Swisscom's internal specifications. These specifications encompass collaboration, local and Swiss employment legislation, as well as job placement legislation and sustainability.

Equal pay

Swisscom aims to pay fair salaries in line with the market and ensure equal pay for men and women. The company's salary system is structured in such a way as to award equal pay for equivalent duties, responsibilities and performance. To this end, the individual functions are assigned to job levels according to their requirements. A salary band is assigned to each job level in line with the market salary. The salary band stipulates the remuneration range for equivalent duties and responsibility. Pay is determined within this range based on individual employees' performance. As part of its salary review, Swisscom grants employees who have performed better and are lower within the respective salary band an above-average pay rise. In this way, any wage disparities are evened out on an ongoing basis. When conducting the salary review, Swisscom also checks whether there are any pay inequalities between men and women within individual organisational units and corrects them in a targeted manner.
Swisscom also uses the federal government's equal pay tool (Logib) to conduct periodic reviews of its salary structure in order to ascertain whether disparities exist between men's and women's pay. Previous reviews (most recently in 2017) have revealed only minor pay discrepancies, well under the tolerance threshold of 5%.

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The protection of human rights within the Swisscom Group

The protection of human rights is an integral part of Swisscom's corporate culture. There is no or only very little risk of human rights being breached within the Swisscom Group. Swisscom employs more than 17,688 FTEs in Switzerland and 2,504 FTEs in Italy, with no human rights risks having been identified at these locations. A further 314 FTEs work outside of Switzerland and Italy – predominantly in the EU or OECD countries – and here, too, there is no or only very little risk. Swisscom does not employ any staff in the "risk countries" listed by rating agencies (e.g. Romania, Malaysia and South Africa). Moreover, Swisscom employees working outside of Switzerland and Italy only provide services, so they are not employed in production. Swisscom therefore considers there to be no need for an internal Group management system for risks concerning human rights infringements.
Swisscom is aware that there are risks of human rights being breached by its suppliers, and has therefore set up a risk management system for them.
Swisscom also applies a purchasing policy based on the SA 8000 standard, which places clear demands on its suppliers as regards the protection of human rights.

Social insurance and fringe benefits

Pension fund: comPlan

At the end of 2017, around 18,849 Swisscom employees and some 8,137 pensioners were insured under comPlan. In 2017, comPlan posted a net return on assets of around 9.3% (prior year: 5.1%). On 31 December 2017, the market value of plan assets amounted to CHF 10.9 billion (prior year: CHF 9.9 billion). In accordance with Swiss accounting principles and standards for pension funds, the coverage ratio is around 108% (prior year: 101%).

In order to safeguard the financial situation of the pension fund in a low interest rate environment and in a society characterised by rising life expectancy, the Board of Trustees of comPlan decided in autumn 2016 to gradually lower the conversion rate from 6.11% to 5.34% and to increase savings contributions. comPlan and Swisscom initiated a range of mitigating measures to make the changes as socially responsible as possible. The conversion rate will be decreased in monthly increments of 0.02% over a period of 3¼ years. In addition, Swisscom in its capacity as employer will assume a premium of 1.4% within the context of the savings contribution increase for employees aged 22 to 54, while employees themselves will only have to pay a premium of 1.1%. Furthermore, employees born between 1952 and 1969 will receive an extra contribution financed by comPlan and Swisscom in order to limit the pension reductions to no more than 6% of their current value. Finally, Swisscom is raising the conversion loss contribution from 0.7% to 1.2% of insured salary. This will prevent any further reduction in the conversion rate to less than 5%.

Fringe benefits

All Swisscom employees enjoy fringe benefits in the form of a personal allowance on Swisscom subscriptions, including fixed network, Internet, TV and mobile services, and a Swiss Federal Railways (SBB) half-fare travelcard. These fringe benefits are offered irrespective of function or whether the employee works full time or part time. Apprentices also receive an allowance for learning materials. Swisscom also supports external childcare facilities through financial contributions and by providing access to free counselling services through the familienservice® family service. It also pays the employer's pension fund contribution for unpaid leave for a maximum of three months.

Swisscom offers employees 17 weeks of maternity leave and ten days of paternity leave on the birth of a child. Parents who adopt a child are also entitled to ten days of adoption leave.

Supplementary regulations governing management staff

Members of management have the opportunity to take partially paid leave (sabbatical) of up to three months, depending on their length of service in management. Swisscom pays their salary for 30 working days. Members of management 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.

Employees in figures

The following table shows the various key personnel figures for the years 2015 to 2017 in accordance with the GRI requirements, version 4, broken down by gender. The figures relate to staff employed in Switzerland. Shareholdings outside of Switzerland were not taken into consideration.

Change in headcount

Swisscom plans to reduce its cost base by over CHF 300 million between 2015 and 2020. With this in mind, the reorganisation of Swisscom pressed ahead in 2017. Swisscom continues to cut costs mainly by simplifying work-flows and reducing the number of positions in declining divisions. These measures have eliminated positions in Switzerland and led to employees participating in the social plan.
The number of employees in Switzerland fell to 17,688 FTEs in 2017 (-3.86% compared with the prior year). This equates to around 684 fewer positions than at the end of 2016.
The headcount comprises 26% women and 74% men. The proportion of women decreased by 0.8 percentage point. The percentage of women in management is 11.7% (measured in terms of headcount). The decline in the percentage of women in management can be attributed to restructuring and employee turnover.
The age pyramid has changed slightly in recent years and demographic ageing in Switzerland has increased. Accordingly, the proportion of employees aged over 50 at Swisscom has also risen in the last ten years.

Number respectively as indicated	2015 Male	Female	Total	2016 Male	Female	Total	2017 Male	Female	Total
Total workforce in Switzerland									
Average workforce FTE			**18,817**			**18,750**			**18,039**
Workforce end of year FTE			**18,965**			**18,372**			**17,688**
Reporting limit in Switzerland according to the personnel information system									
Coverage report limit			**93%**			**95%**			**95%**
Average workforce FTE	13,010	4,666	**17,676**	13,273	4,439	**17,712**	13,047	4,117	**17,164**
Employees in FTE per end of December	13,174	4,636	**17,810**	13,273	4,291	**17,563**	12,856	3,975	**16,831**
in headcount (HC)	13,437	5,304	**18,741**	13,579	4,970	**18,549**	13,163	4,624	**17,787**
Temporary positions (HC)	1,094	385	**1,479**	1,121	387	**1,508**	1,141	376	**1,517**
Permanent work contracts (HC)	27	27	**54**	48	18	**66**	39	25	**64**
Temporary work contracts (HC)	13,410	5,277	**18,687**	13,531	4,952	**18,483**	13,124	4,599	**17,723**
Gender ratio (HC)	71.7%	28.3%	**100.0%**	73.2%	26.8%	**100.0%**	74.0%	26.0%	**100.0%**
Full-time employment (HC)	12,147	3,069	**15,216**	12,121	2,796	**14,917**	11,705	2,525	**14,230**
Part-time employment (HC)	1,290	2,235	**3,525**	1,458	2,174	**3,632**	1,458	2,099	**3,557**
Ratio full time employees (HC)	90.4%	57.9%	**81.2%**	89.3%	56.3%	**80.4%**	88.9%	54.6%	**80.0%**
Ratio part time employees (HC)	9.6%	42.1%	**18.8%**	10.7%	43.7%	**19.6%**	11.1%	45.4%	**20.0%**
Employees in collective employement agreement (CEA)	10,746	4,943	**15,689**	10,811	4,581	**15,392**	10,407	4,258	**14,665**
Rate collective labour agreement (CEA) to total workforce	80.0%	93.2%	**83.7%**	79.6%	92.2%	**83.0%**	79.1%	92.1%	**82.4%**
Top Management (HC)	88	7	**95**	82	8	**90**	81	3	**84**
Management (HC)	2,581	327	**2,908**	2,686	381	**3,067**	2,675	363	**3,038**
Rate of employees within Management (HC)	88.9%	11.1%	**100.0%**	87.7%	12.3%	**100.0%**	88.3%	11.7%	100.0%

Number respectively as indicated	2015			2016			2017		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Fluctuation in Switzerland									
Average age	43.0	40.0	**42.2**	43.4	40.4	**42.6**	43.7	40.8	**42.9**
Leavings[1]	1,016	478	**1,494**	1,094	569	**1,663**	1,439	712	**2,151**
Leavings < 30 years[1]	239	177	**416**	214	175	**389**	262	219	**481**
Leavings 30 – 50 years[1]	558	210	**768**	584	266	**850**	730	321	**1,051**
Leavings > 50 years[1]	218	91	**309**	296	128	**424**	447	172	**619**
Rate of leavings < 30 years	23.6%	37.1%	**27.9%**	19.6%	30.8%	**23.4%**	18.2%	30.8%	**22.4%**
Rate of leavings 30 – 50 years	54.9%	44.0%	**51.4%**	53.4%	46.7%	**51.1%**	50.7%	45.1%	**48.9%**
Rate of leavings > 50 years	21.5%	18.9%	**20.7%**	27.1%	22.5%	**25.5%**	31.1%	24.2%	**28.8%**
Enterings[1]	1,491	498	**1,989**	1,245	323	**1,568**	947	281	**1,228**
Enterings < 30 years[1]	500	280	**780**	356	171	**527**	336	126	**462**
Enterings 30 – 50 years[1]	859	200	**1,059**	783	140	**923**	529	132	**661**
Enterings > 50 years[1]	132	18	**150**	106	12	**118**	82	23	**105**
Rate of Enterings < 30 years	33.5%	56.2%	**39.2%**	28.6%	52.9%	**33.6%**	35.5%	44.8%	**37.6%**
Rate of Enterings 30 – 50 years	57.6%	40.2%	**53.2%**	62.9%	43.3%	**58.9%**	55.9%	47.0%	**53.8%**
Rate of Enterings > 50 years	8.9%	3.6%	**7.5%**	8.5%	3.7%	**7.5%**	8.7%	8.2%	**8.6%**
Further KPIs									
Education and training days			**68,464**			**53,979**			**55,035**
Number of days training and education per employee (headcount)			**3.9**			**2.9**			**3.1**
Maternity and paternity leave	522	240	**762**	544	290	**834**	574	230	**804**
Total CEO compensation in kCHF			**1,832**			**1,833**			**1,868**
Median salary in kCHF			**129**			**131**			**133**
Ratio CEO compensation / median salary			**14**			**14**			**14**
Variation of CEO compensation			**3.3%**			**0.1%**			**1.9%**
Variation of median salary			**2.3%**			**1.5%**			**1.5%**
Minimum full time salary in kCHF according to the CEA			**52**			**52**			**52**
Peformance Dialogues[2]			**93.2%**			**96.6%**			**95.0%**

[1] without fixed-term contracts of employment
[2] 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 2020. To this end, Swisscom has entered into international partnerships which ensure that measures are implemented in close collaboration with suppliers.

Environment, objectives and management approach

Goal 8
DECENT WORK AND ECONOMIC GROWTH

See
www.swisscom.ch/ suppliers

See
www.swisscom.ch/ GRI-2017

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 expects its direct suppliers and their sub-suppliers to commit to acting in a sustainable manner.

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.

With a score of 80 out of 100 in the supply chain rating of the Dow Jones Sustainability Index (prior year: 96) and inclusion on the Carbon Disclosure Project (CDP) Supplier and Climate A List, Swisscom once again ranks among the best telecoms companies.
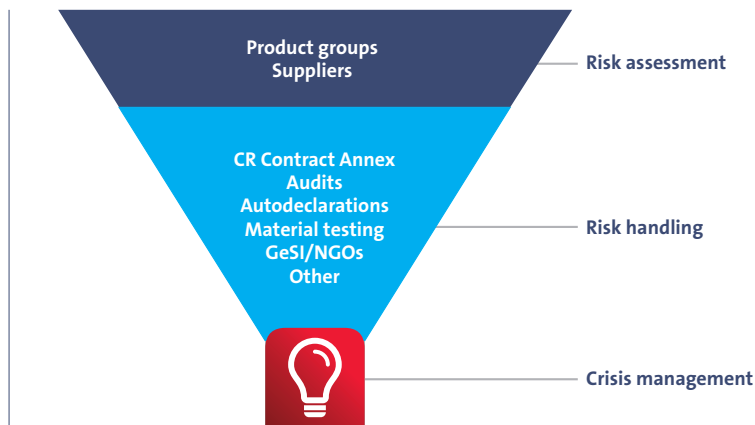
Supplier risk management

Risk management system

Supply Chain Risk Management (SCRM 360), which was implemented in stages in recent years, was solidified during the year under review. The comprehensive SCRM 360 approach will enable Swisscom to reduce the risks it is exposed to not only in terms of the environment and society, but also in terms of 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 and 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 from EcoVadis. 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 determine their effective risk potential at an early stage, while at the same time reducing the number of supply partners to be assessed.

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 as part of the risk management concept. 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 process provides for other reasons for risk monitoring. Accordingly, Swisscom includes other suppliers in risk monitoring as the situation dictates based on their risk profile. Where deemed appropriate in order to avoid risks, 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.

With its supplier risk management process, Swisscom covers the entire supplier portfolio.

Overview and requirements of risk management in the supply chain

Risk profile suppliers[1]	Risk profile product groups[2]		
	Product groups with low risks	Product groups with medium risks	Product groups with high risks
Suppliers with high risk profile			Conduct audits. Inclusion in EcoVadis
Suppliers with medium risk profile			Check inclusion in EcoVadis
Suppliers with low risk profile			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/self-assessments

Swisscom met its objective for 2017 to assess 160 suppliers on the e-tasc platform, having assessed 162 suppliers. Swisscom registered nine new suppliers during the year under review, all of whom were subjected to an assessment. Of all registered Swisscom suppliers, a total of 20 have not yet met expectations in terms of Corporate Responsibility. Swisscom has therefore set up a corrective action plan (CAP) for them which documents potential improvements. After 12 to 24 months, Swisscom will decide which suppliers need to be reassessed, provided the supplier has not initiated the reassessment themselves.
Swisscom again carried out a number of guided re-assessments in 2017. The Swisscom suppliers concerned improved by an average of 25% as a result of the corresponding corrective measures. Swisscom suppliers scored 36% better than the suppliers registered on the platform worldwide (several thousand).
In 2018, Swisscom intends to register further key and strategic suppliers as well as high-risk and medium-risk suppliers in e-tasc. It will also conduct another critical review of the list of suppliers in high-risk product groups. Swisscom itself was also subjected to a re-assessment in 2017, in which it improved and once again achieved the "Gold Level".

Audits

Swisscom has been a member of the Joint Audit Cooperation (JAC) since 2011. Swisscom carried out nine audits in 2017 as part of its collaboration with the JAC. The JAC is a consortium of 13 telecoms companies which checks, assesses and promotes measures intended to safeguard social responsibility in the production centres of the major multinational ICT suppliers.

The following guidelines apply to the on-site audits:
> **Preparation:** Audits are based on information that must be obtained in advance via the company to be audited.
> **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 create 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. On-site audits with the relevant dialogue partners are also taken into account.
> **Report:** The report formulates the findings based on objective evidence.
> **Collaboration with suppliers:** The collaboration is based on the common understanding that the CR risk management system plays a key role in supporting responsible and 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 they have been successfully completed. Audit reports and corrective measures are processed on the audit platform introduced in the year under review.

In regular teleconferences, the JAC members set the audit agenda, check the audit reports and monitor the progress of the planned corrective measures. These regular conferences and the exchange of best practices help to optimise the Corporate Responsibility assessments and make the JAC initiative more efficient. The JAC steering committee, which is made up of representatives from the senior 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 2017, mobile surveys were conducted again alongside the traditional CR audits, whereby workers outside the factories were surveyed on working conditions by mobile phone. These mobile surveys are a new survey method that offers a great deal of potential for the future. They are conducted by NGO Good World Solutions. The JAC launched a total of ten mobile surveys in the year under review.

The JAC initiative conceived further measures in 2017, such as the JAC Academy, set up to provide targeted training for suppliers, and the JAC Awards for rewarding top performance in the sustainable supply chain. The JAC Academy (as part of a pilot project) and the JAC Awards will be implemented in 2018.

Personnel

As part of its overarching CR Strategy, Swisscom aims to improve the social working conditions of two million people within its supply chain by 2020. To this end, it has intensified its international collaborations, such as the one it maintains with the JAC, in order to ensure implementation of the corresponding measures in close collaboration with its suppliers.

Audit results

In total, 89 audits of suppliers were carried out within the JAC network in 2017 (prior year: 68). The proportion of audits at supply partners (tier 2/3 suppliers) increased to 70%.

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 2017. The instances of non-compliance mainly concern working hours, occupational safety, environment, wages and health or safety. 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 366 audits in 24 countries on four continents since 2010.

The audits covered more than 816,000 employees in total and identified 2,328 cases of shortcomings, with 285 yet to be resolved.

The table lists the identified and still outstanding shortcomings:

Number of issues	2015	2016	2017
Health and safety	100	114	97
Working hours/overtime	77	52	63
Business ethics	45	67	37
Child and juvenile labour	12	7	2
Remuneration	34	20	11
Environment	44	34	28
Forced labour and discrimination	13	9	14
Disciplinary practice and freedom of association	0	0	5

In 2017, 581 shortcomings were identified, a total of 257 of which are still outstanding. 63 of the outstanding cases were connected to issues involving working hours. The shortcomings in terms of youth work 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) – 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 now maintains the world's largest database of this kind.

As part of its cooperation with the CDP, Swisscom contacted and surveyed 62 (prior year: 60) of its key suppliers. The suppliers surveyed have a high order volume or a high degree of environmental relevance. The response rate was 91% (prior year: 90%), thus once again allowing the survey to be brought to a successful conclusion. In the fourth quarter of 2017, 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 CR Strategy 2020, Swisscom is pursuing a specific target in the area of climate protection (2:1 target). 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. Swisscom will again take part in the Action Exchange Programme (AEP) in 2018 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. In particular, Swisscom works within the GeSI framework to promote fair and sustainable supply chains requiring global cooperation. It participates in numerous CR projects and plays an active role in them. These projects include, for example, sponsoring and collaborating in the "Smarter 2030" study; developing and positioning the Sustainability Assessment Standard Framework (SASF) as the future standard for the entire ICT sector; and the continuing development of e-tasc as an overarching platform for conducting self-assessments and audits of suppliers. GeSI has geared its organisation and activities towards the SDGs.

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.

Climate risks from CO_2 emissions

Climate change poses risks, for example 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 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 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.
> **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. Swisscom will examine the option of marketing via its own channel in 2018.
> **May 2016:** As part of their "Stop benzene" petition in the summer of 2016, the two aid organisations "Bread for all" 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, with Swisscom achieving the best results. As a reseller of mobile phones and tablets, Swisscom is committed to gradually improving sustainability and working conditions along the supply chain through its ongoing international cooperation with GeSI and the JAC.

Corruption

In its internal guidelines, Swisscom has established a policy of zero tolerance towards corruption. The guidelines are implemented through regular training, reviews and audits across the Group. In addition, Swisscom requires its suppliers to comply with these guidelines as well. 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 proven that a supplier violated anti-corruption laws, they will be reprimanded and, as a last resort, removed from the supply chain.

Circular economy

Goal 12
RESPONSIBLE CONSUMPTION AND PRODUCTION

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.

> **Repair service in Repair Centres:** One in five mobile phones purchased from Swisscom will be repaired at least once during its lifetime with Swisscom. 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). 17% 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 2017, at the sites in Zurich, Winterthur, Lausanne, Lucerne, Geneva, Berne, Basel, Fribourg and St. Gallen. Swisscom carries out some 200,000 repairs annually altogether, a quarter of which are already at the nine Repair Centres.
> **Swisscom Mobile Aid:** Around 72,000 mobile handsets were returned to Swisscom in 2017. The return rate of used mobile handsets increased compared with the previous year and amounted to 8.0% (prior year: 7.9%). Swisscom sold many of these devices via a third-party company in countries where there is a 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. A historic donation threshold was passed in 2017: since Swisscom Mobile Aid was launched, Swisscom customers have already donated over 540,000 old mobile phones to the programme. 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 has long helped unemployed people to reintegrate into the workforce.
> **Swisscom Mobile Bonus:** Swisscom continued the Swisscom Mobile Bonus programme in 2016. Customers and non-customers can sell back their used devices at market prices online or in Swisscom Shops. Mobile Bonus increases the return rate. It is also open to business customers under the name Mobile Bonus Business.
> **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% in energy and up to 70% in water consumed in the 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. Aside from the direct added value it provides, Swisscom's investments in Switzerland will also indirectly contribute around CHF 30 billion to the country's GDP from 2014 to 2020, thus helping to create and maintain some 100,000 jobs in Switzerland.

Environment, objectives and management approach

Goal 8
DECENT WORK AND ECONOMIC GROWTH

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.

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

In the summer of 2013, 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 especially high (calculations are based on the annual average salary).

Investments by Swisscom in the billions

In 2017, Swisscom again invested around CHF 1.7 billion in Switzerland. Swisscom is planning to make further investments in Switzerland worth billions of Swiss francs between 2018 and 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 creates for itself (CHF 5 billion per year over a period of seven years). Swisscom will help create and maintain y jobs in Switzerland through this indirect added value by 2020. According to the first interim results, Swisscom has already contributed CHF 21.1 billion in indirect added value after four years and maintained or created 70,400 jobs. This already puts Swisscom at over half of the total estimated added value after four out of the seven years. Given roughly equal investments in the coming three years, the projected figures for the period 2014–2020 will be exceeded by a significant margin.

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. The BCG will review the calculation model if necessary and adapt it in line with new research findings.

The "Networked Switzerland" section in this Sustainability Report relates to the section «Infrastructure» in the Annual Report, pages 24-26

Basic service provision

Comprehensive network coverage

Goal 9
INDUSTRY, INNOVATION AND INFRASTRUCTURE

Swisscom is responsible for providing basic telecoms services in Switzerland, and has been mandated to do so in accordance with the newly issued universal service licence until the end of 2022. The aim of the mandate is the provision of network access throughout Switzerland, primarily including 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).
Another part of basic service provision for which Swisscom has long been responsible is the maintenance of special services for people with health problems. Swisscom currently foregoes any financial compensation for the uncovered costs of basic service provision.

	Unit	2015	2016	2017
Number of public payphones [1]	Number	4,091	3,553	2,960
Emergency calls	in thousand	2,682	2,740	2,799
Calls to the service for visually and hearing impaired	in thousand	416	372	349

[1] Of which 2'451 (2017), 2'844 (2016), 2'949 (2015) within the scope of basic service provision
  As of 2018 public payphones are no longer inclulded 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 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 by Swisscom, and freedom of information and free expression of opinion are not limited on the Internet in any way. 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, seven petitions have been received, two of which have been closed by the ombudsman's office while five did not fall within its purview.

Internet of Things

Following the national expansion of the Low Power Network, Swisscom is building further national networks for the Internet of Things using the two mobile communications-based technologies Narrow Band-IoT and LTE Cat M1. It is deliberately adopting a mix of technologies in order to enable its customers to use all the applications of the Internet of Things. Swisscom customers can therefore 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.

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 fill level? Is there the risk of an operational failure? The Internet of Things thus enables efficient and forward-looking management to conserve resources and administer them in the best way possible. Swisscom supports companies in digitalisation and with the development of applications relating to the Internet of Things. After all, the Internet of Things is changing the way things are developed. Products are no longer isolated objects; instead they can be extended to create advanced services through interconnectivity. Through this approach a heating manufacturer can offer all manner of services relating to heating, and a manufacturer of sun protection devices can offer comprehensive shading solutions.

Social and cultural commitments

Throughout its history, Swisscom has had close ties with Switzerland and the local population, so its commitment to the country and its people is a matter of tradition. This covers three areas: public affairs, Corporate Responsibility projects, and events and sponsoring.

Swisscom's commitment

Swisscom is active on both a national and a regional level. On its own or as part of long-term partnerships, it supports activities that contribute to social cohesion 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. Swisscom's sponsoring has a long-term focus. 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 appeal to a wide range of target groups.

Memberships and partnerships

Swisscom works as an association member or in projects with various partners on issues relating to its six strategic priorities. Swisscom sets itself high targets and seeks to work with suitable partners at both a national and an international level. In choosing its partnerships and memberships, it 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 the values of the Swisscom guiding principles 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 fosters communication with all regions of Switzerland. The team members are organised locally, primarily provide information on infrastructural issues and Swisscom commitments, and listen to the concerns of their stakeholder groups. In addition to one-on-one meetings and discussions, Swisscom maintains contact with politicians and the authorities via regular publications (municipal newsletters) and e-mail newsletters. Swisscom organises information events in individual cantons covering a wide range of topics, such as data security and using electronic media.
As part of this, Swisscom Public Affairs not only deals with enquiries from the authorities and politicians, but also attends to the concerns of the general public. The team also participates in national working groups and committees aimed at improving broadband provision in peripheral regions. For example, Public Affairs represents Swisscom in the Swiss Federal Office of Communications (OFCOM) Broadband Working Group and on the Teleworking Committee of the Swiss Group for Mountain Regions.

Projects carried out as part of Swisscom's Corporate Responsibility

> **Kickstart Accelerator:** In 2017, Swisscom, together with the Swiss cities of Zurich, Berne and St. Gallen as well as other economic partners, supported the Kickstart Accelerator of digitalswitzerland, a funding programme for start-ups. In so doing, Swisscom aims to identify start-ups in the Smart City field that will sustainably shape the city of the future by offering new services for cities and administrations.

> **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.
> 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.

> **Swisscom offerings for people with impairments:** Swisscom wants everyone in Switzerland to have barrier-free access to communication tools. It therefore makes a substantial contribution to ensuring that disadvantaged people can partake in Switzerland's information society. Swisscom Shops comply with stringent requirements concerning wheelchair access. Employees in Swisscom Shops and call centres also have a duty to recognise the requirements a specific impairment may entail. To help them with this, Procap Schweiz provides accessibility training sessions. In 2017, Swisscom carried out mystery shopping and calling together with Procap. This shopping and calling revealed the areas in which more training is required in order to better satisfy the needs of people with hearing and visual impairments. In addition, Swisscom continuously introduces measures to optimise the accessibility of its shops. It endeavours to offer a range of devices that gives people with impaired hearing or vision a real choice, and constantly updates its range of services and devices. The Swisscom range includes, for example, the HD-Phone Gigaset (a compatible IP phone for people with a sensory impairment) and the multimodal customer service contact option. Anyone unable to use the current subscriber directories due to a physical impairment can be connected via the short number 1145 at no extra cost. Swisscom provides this service free of charge as part of the basic service provision. Deaf people can take advantage of a transcription service. This service makes telephone calls possible between deaf people and those who can hear normally, and is offered free of charge in association with the organisation procom. This is also part of the basic service provision. Swisscom continues to be committed to ensuring its website and the UHD TV-Box offer barrier-free access to all. As part of the technical redesign of its website, Swisscom has already implemented key guidelines for barrier-free website content in accordance with the Web Content Accessibility Guidelines WCAG 2.0. In a next step, Swisscom will draw up internal recommendations aimed at further optimising website accessibility and tailored to Swisscom products and services.

> **Offerings for people with limited financial resources:** Swisscom supports people with scarce financial resources via three offerings. Young people under the age of 26 can benefit from a reduced price plan. For those under 18, a credit limit is provided for corresponding subscriptions. In addition, Swisscom offers a prepaid subscription for children and young people aged 7 to 18.

Culture

In 2017, in cooperation with Radio Energy, Swisscom supported ten music events at which more than 65,000 visitors had the chance to enjoy exclusive concerts. In addition, Swisscom financially supported more than 30 music projects of young artists as part of the Music Booster project. As the main sponsor of the Locarno International Film Festival and a partner of the Solothurn Film Festival, Swisscom also provides support for film. The company is also a member of the Board of Trustees of the Museum of Communication in Berne, which gives visitors an insight into the social communication of the past, present and future. After being closed for a year for renovation work, the museum re-opened on 19 August 2017. Interactive stations, surprising objects and giant video screens along with experts bring the fascinating world of communication to life in a very tangible manner. Visitor surveys show that the museum is highly regarded as a family-oriented and interactive museum. By the end of the year, the new exhibition had attracted over 50,330 visitors.

Sports

Swisscom's sporting sponsorship focuses on winter sports. As the main sponsor of Swiss-Ski, Swisscom helps Swiss winter athletes reach peak performance in the following disciplines: Alpine skiing, Nordic skiing, snowboarding, freestyle, skicross, aerials, moguls skiing and telemark skiing. As part of its partnership with Swiss-Ski, 20% of Swisscom's annual sponsoring contributions go towards fostering the development of young talents.

Swisscom has also developed a special talent programme for Alpine skiing. The programme focuses on systematically selecting and fostering the young talented athletes of tomorrow. The Swisscom Junior Alpine Ski Team offers ideal training opportunities to ideally prepare the young athletes for the Junior World Cup. As the official telecom partner of all Swiss FIS World Cup events, Swisscom is boosting Switzerland's status as both a venue for sporting events and a haven for winter sports.

The FIS Alpine World Ski Championships from 6 to 19 February in St. Moritz was the highlight of 2017. Swisscom supported the championships as national sponsor. Together with Swiss-Ski, Swisscom welcomed over 28,000 visitors, who were able to celebrate a total of seven Swiss World Championships medals, at the House of Switzerland. More than 140 Swisscom volunteers helped to make the World Championships in Swisscom's home country an unforgettable occasion. Being the event's technical partner, Swisscom set up an on-site network infrastructure capable of reliably providing Internet access to around 165,000 people. It also laid over 23 kilometres of fibre-optic cables around the slopes. By doing so, over 1.1 million viewers, at peak times, could follow the races live on their TV at home.

Football also plays a significant role in Swisscom's commitment to sport. Thanks to Swisscom and Teleclub, more Swiss football is now being shown live on television than ever before. Swisscom TV broadcasts in excess of 180 Swiss football matches every season. In addition, the new free TV broadcaster Teleclub Zoom has been enriching the Swiss TV offering since July 2017, with exclusive sports content, live broadcasts, new in-house productions and background stories for Swiss sports fans entirely free of charge.

Swisscom is the partner of the Swiss Football League and also supports ten clubs in the Super League. Swisscom's collaboration with the Swiss Football League is aimed towards a long-term and future-oriented partnership.

Innovation and development

In a dynamic environment in which the market situation and general conditions are constantly changing, a company must be innovative to ensure long-term success. This is why Swisscom consistently focuses on meeting changing customer needs, and identifies growth areas in which it can sustainably defend and strengthen its position.

Environment, objectives and management approach

Innovation is a key driver in the bid to enter new markets and partake in up-and-coming technologies. Due to the rapidly changing nature of Swisscom's business environment, innovation and development – in other words the commercially successful implementation of new ideas – are becoming increasingly important. Innovation is also an important lever in remaining relevant in the core business, in generating growth in new markets and in digitising internal work processes. Swisscom strives to anticipate strategic challenges, new growth areas and future customer needs early on, so as to help actively shape the future of telecommunications and the Internet. At Swisscom, innovation takes place in all areas of the company as well as beyond.

Open innovation: a success factor

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. When developing new products and services, Swisscom consistently adopts human-centred design methods, i.e. the user-oriented design of simple, inspiring experiences that help customers find their way in the digital world. Within the company, Swisscom practises 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 of this is the Innovation Week held twice a year, during which teams of employees from different divisions implement a new idea that addresses a specific customer need, is of business relevance and has potential on the market. Moreover, Swisscom supports internal pioneers through the Kickbox programme, which provides interested employees with the tools (including starting credit, a timeframe as well as the contact details of innovation experts) required for developing an idea into a prototype.

Outside the company, Swisscom promotes innovation throughout the industry. In particular, Swisscom is committed to supporting young 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 2013, Swisscom has held the StartUp Challenge competition, where winners are sent on a one-week mentoring programme in Silicon Valley. In June 2016, Swisscom announced that it was stepping up its collaboration with FinTech start-ups: a FinTech cluster within Swisscom institutionalises the cooperation with start-up companies in the financial industry. Swisscom Ventures is also being expanded with a dedicated FinTech fund of over CHF 10 million. Using this fund, Swisscom is making targeted investments in promising FinTech start-ups and is pressing ahead with collaborations in innovative digital banking services. In autumn 2016, Swisscom launched the "Calls for Innovation", as part of which it contracted out specific ICT questions for the international start-up community to answer. Selected start-ups have the opportunity to present their solutions to a panel of experts, and the winning project will work on a joint test project with Swisscom.

Swisscom has operated in Silicon Valley since 1998. Its branch offices run targeted trend and technology scouting operations and help to remain at the forefront of technological development via collaborations with start-ups.

Innovation platforms

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, human activity and the smart home ("intelligent living") as well as "5G for Switzerland". The partnership involves the provision of financial support for selected projects, the establishment of the "Digital Lab" (a competence centre for digitalisation at the EPFL Innovation Park), and various other campus activities, such as events dealing with digitalisation. 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. Through its participation in the regional innovAARE Park, Swisscom is supporting research in the field of energy. Swisscom is also a technology and infrastructure partner of the regional location of Biel. 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. Swisscom also supports initiatives such as Impact Hub Zurich as well as incubators such as be-advanced, and in doing so cultivates a dynamic environment for start-ups.
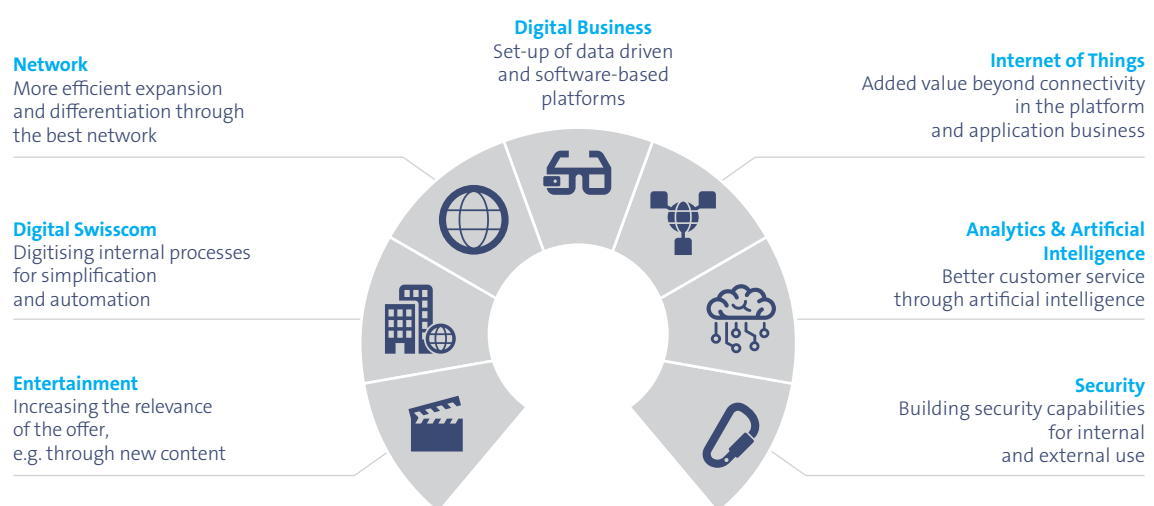
Since summer 2017, Swisscom has been represented by its CEO Urs Schaeppi on the Federal Council's newly established "Digital Transformation" advisory committee, which promotes exchange between politics, business and science. Swisscom provides the Federal Council with expert advice on major digitalisation issues.

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.

Targeted innovation

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

Network
More efficient expansion and differentiation through the best network

Digital Swisscom
Digitising internal processes for simplification and automation

Entertainment
Increasing the relevance of the offer, e.g. through new content

Digital Business
Set-up of data driven and software-based platforms

Internet of Things
Added value beyond connectivity in the platform and application business

Analytics & Artificial Intelligence
Better customer service through artificial intelligence

Security
Building security capabilities for internal and external use

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

> **5G for Switzerland:** As part of the "5G for Switzerland" programme, Swisscom and Ericsson are making preparations for the new generation of mobile technology. Working together with the Federal Institute of Technology Lausanne (EPFL) as a research partner, their aim is to advance the development of 5G. They are also planning to work together with industrial partners on developing and testing the potential applications in a wide range of different areas, such as smart transportation and virtual reality. The research results will influence the definition of the global 5G standard. Swisscom presented initial applications to journalists in June 2017.

> **G.fast:** (pronounced "gee dot fast"): At the end of 2017, Swisscom became the first telecommunications company in Europe to integrate the innovative G.fast transmission standard into its fixed network. G.fast is an important element of Swisscom's fixed network strategy and accommodates the continuous data growth within the network. Thanks to G.fast, customers can benefit from bandwidths of up to 500 Mbps.

Internet of Things

> **Nationwide networks in Switzerland for the Internet of Things (IoT):** Swisscom is laying the foundations for national Internet of Things applications. The expansion of the only Low Power Network in Switzerland continued to make strides in 2017. By the end of 2017, network coverage had already reached 90% of the Swiss population. The mobile communications-based IoT networks Narrowband-IoT (NB-IoT) and LTE Cat M1 are then set to be expanded from 2018 to 2020. NB-IoT is opening a whole new chapter for big data, enabling millions of networked devices, low data rates, low energy consumption, beneficial hardware, very good indoor network coverage and high security. It also offers global usability thanks to the 3GPP standard. With this, Swisscom will offer the right network for all IoT applications: be it for battery-operated sensors which send data sporadically or for applications that transmit large amounts of data regularly.

> **Smart City:** In Pully, Canton of Vaud, and other pilot cities, anonymised, aggregated mobile phone data is helping to improve traffic flows in the town and relieve the burden on the town centre by displaying extremely accurate movement patterns. The project is intended to act as a pilot: Swisscom is helping towns and cities to plan their infrastructure in a more systematic manner and find easier ways to manage it. It is currently able to convert the 20 billion or so datasets that are created daily on the mobile phone network into traffic indicators using a smart city solution. This solution will improve urban planning and accelerate the transformation of towns and cities as the data delivered increases public acceptance of projects. The first application examples are available. In the commune of Montreux, through traffic in the city centre was calculated precisely thanks to the Swisscom solution. Its annual share of the total volume of traffic worked out at 22%. As a consequence, the commune took the decision not to go ahead with the construction of a tunnel that would have cost CHF 150 million. It follows that such new indicators, as supplied by Swisscom's smart city solution among others, offer a progressive way of managing city development better than before. They are helping to overcome one of the biggest challenges of sustainable cities: traffic management.

Analytics & Artificial Intelligence

> **Artificial Intelligence:** In 2017, Swisscom made targeted improvements to its expertise in the area of artificial intelligence across various fields of application (customer support, customer experience and document insights, etc.) and achieved major development steps in the data lake. In customer service, for example, Swisscom launched a product that automatically categorises e-mails, making it possible to organise customer service work far more effectively and efficiently.

Security

> **Security thanks to artificial intelligence:** The number of threats from the Internet continues to grow and the threats themselves are becoming increasingly intelligent. Swisscom plans to use algorithms and corresponding artificial intelligence to automatically identify attacks and threats as well as to initiate the corresponding countermeasures. Artificial intelligence thus makes a considerable contribution towards ensuring a safe and secure network. Since September 2017, Swisscom has been running the Computer Security Incident Response Team. This team is able to respond to threats or existing incidents with intervention measures. For residential and SME customers, Swisscom developed the "Internet Guard" in 2017 – network-based protection against phishing websites and viruses. This protection is more comprehensive than ever before as it is based on a global blacklist.

Entertainment

> **UHD TV-Box for a new era of picture quality and voice recognition:** After eleven years, Swisscom discontinued Swisscom TV 1.0 at the end of 2017. The first generation of the IPTV offering is now only used by less than one percent of customers. When Swisscom TV came on the market in autumn 2006 it was ahead of its time. Back in 2006, high-definition television, which is commonplace these days, was still seen as an exception. Swisscom has been continuously pressing ahead with the development of Swisscom TV in recent years. An entirely new TV offering was developed with input from our own customers in Switzerland and by our own Swisscom designers and engineers. The UHD TV-Box is therefore a product for Switzerland which is developed and produced in Switzerland in line with the wishes of its customers. The developers paid particular attention to low energy consumption, dispensing with a disruptive fan and ensuring a compact form. The latest generation of the TV-Box processes images in super-sharp UHD quality. It features voice recognition in dialect, is fully accessible for customers with a sensory impairment and includes a personal on-screen programme guide that points out favourite shows that have been missed over the last seven days.

Digital Swisscom

> **Simplification of processes:** To get ahead in a digital world, Swisscom must first digitise itself and become a model digital company. In 2017, Swisscom again took a series of targeted steps to take it closer to this goal. These include work in agile structures (for example, use of the SaFE framework for agile development), as well as the simplification of crucial processes such as those involved in customer activation and problem-solving in customer service. In 2017, for example, Swisscom succeeded in making the process for solving incidents much more proactive and in providing customers with efficient, digital self-care. With the completion of All IP in 2018, Swisscom will take a giant step towards its own digitisation.

Digital Business

In the Digital Business innovation field, Swisscom supported key innovations in 2017, both within and outside the company, through the promotion of intrapreneurship as well as through Swisscom Ventures.

> **FinTech:** Launch of two FinTech ventures (Swiss Credit Exchange, Swisscom Blockchain Ltd)
> **siroop:** Testing of the new marketplace Evero for consumer-to-consumer relationships
> **Kickbox:** Establishment and setup of an intrapreneurship programme providing employees with resources (for example, time and budget) to realise innovation projects.

In addition to the activities it carries out in innovation fields, Swisscom is constantly investigating the opportunities offered by new technologies. In 2017, it focused on the potential of blockchain disruptive technology as well as virtual and augmented reality. 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.

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 subsidiaries, associates and joint ventures, is provided in the Notes to the 2017 Consolidated Financial Statements (Note 5.4).

> **Principles:** The scope of the Sustainability Report according to the principles of the Global Reporting Initiative (GRI) is generally defined as follows: Swisscom Ltd and all subsidiaries domiciled in Switzerland that are fully consolidated in accordance with International Financial Reporting Standards (IFRS), with the exception of subsidiaries CT Cinetrade Ltd, Mila AG and Swisscom Digital Technology SA, and, from 2017, Swisscom Blockchain 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. The Group's main foreign shareholding is Fastweb in Italy. Fastweb publishes its own Sustainability Report in line with GRI G4, "core" option, which is reviewed by Bureau Veritas AG, an external, independent auditor. The closely related foundations comPlan (pension fund) and sovis are also not included in the scope.

> **HR compensation:** In the year under review, the Swiss subsidiaries CT Cinetrade Ltd, Mila AG, Swisscom Digital Technology SA, Directories Ltd (in part), AdUnit AG and, from 2017, Swisscom Blockchain Ltd, were not included in the central HR compensation system, but in local, company-specific HR compensation systems. This applies to 857 FTEs of a total of 17,688 FTEs in Switzerland. The central HR compensation system thus has a coverage ratio of 95% (prior year: 95.6%).

> **Environment:** The environmental key figures (especially regarding energy, water and waste water, emissions, and waste) cover almost 100% of Swisscom's FTEs in Switzerland. 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 few transmitter stations Swisscom Broadcast Ltd operates 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 56 suppliers (prior year: 60) 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 46% (prior year: 43%) 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 nearly 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 is structured in line with the "comprehensive option" under GRI, version 4, meaning that it also contains specific standard disclosures in addition to general standard disclosures. In the year under review, the recommendations of the "SDG Compass" were also taken into account and implemented for the first time. 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.

In the past few years Swisscom has developed a clear understanding of the issues pertaining to its immediate environment. In addition, issues are reported to Swisscom directly by stakeholder groups or identified through findings taken from recent 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 the evaluation and assessment of the materiality of issues as well as in the setting of strategic priorities. Swisscom conducted a survey among representative stakeholders in 2016, achieving a response rate of 70%. The analysis of the responses is contained in the introduction relating to the participation of stakeholders. The results of the materiality analyses and the responses from stakeholders 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 this report. During the year under review, for example, Swisscom had its Sustainability Report assessed by internal stakeholders.

The processes and procedures to be used with some stakeholder groups can then 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. Furthermore, 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 stakeholders or held discussions on topics that are included in this report:

> **Customers:** Surveys on topics including customer satisfaction (see page 34 of the Annual Report).
> **Shareholders and external investors:** Discussions on financial topics (revenue, dividends, etc.) at the Annual General Meeting on 4 April 2017 or at roadshows (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:** Contact with municipal authorities regarding the topic of antennas and transmitter stations (140 dialogues in 2017; can be found in the section on work and life on page 41 of the Sustainability Report), with cantonal authorities (once each per canton) and with members of parliament (twice a year) on topics such as roaming, the FTTH rollout and the ICT environment.
> **Suppliers:** Swisscom maintained commercial contacts with its suppliers and had further contacts as part of the self-assessment and audits (can be found in the section "Fair supply chain" in the Sustainability Report).
> **Employees and employee representation:** Swisscom met once a month with the trade unions and with the ten employee representations to discuss various topics, as laid down in the collective employment agreement (CEA). There are also two general meetings every year. Ad-hoc meetings are also held that are topic-specific and organised in accordance with the participation table in the CEA (explanations in the sections on employees in the Annual Report from page 28 and in the section on Swisscom as an attractive employer in the Sustainability Report from page 50).
> **Partners and NGOs:** Two "Leadership Dialogues" and exchange with partners within the framework of individual projects.

The reporting process comprises preparation of the Annual Report and the Sustainability Report. Both reports 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 is also verified externally.

SGS

CERTIFICATION

SGS CERTIFICATION of the Swisscom AG 2017 GRI Sustainability Report

SCOPE

SGS was commissioned by Swisscom to conduct an independent assurance of the GRI-based disclosure on sustainability in 2017. Our assurance scope included the GRI disclosure obligations and figures in accordance with the GRI Index published at www.swisscom.ch/GRI-2017. The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included all texts and 2017 data in accompanying tables contained in the printed Annual Report 2017, the Sustainability Report 2017 and referenced information on the webpage of Swisscom as quoted in the GRI index. The assurance process did not consider any data from previous years.

CONTENT

The Board of Directors or the Managing Director and the Management of the organisation are responsible for the details provided in the annual report and on the website and in the presentation. SGS was not involved in the preparation of any of the material included in the GRI Index and acted as an independent assuror of the data and text using the Global Reporting Initiative Sustainability Reporting Guidelines, Version 4 (2013) as a standard. The content of this Assuror's Statement and the opinion(s) it gives is the responsibility of SGS.

CERTIFIER INDEPENDENCE AND COMPETENCIES

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

METHODOLOGY

The SGS Group has developed a set of protocols for the assurance of Sustainability Reports based on current best practice guidance provided in the Global Reporting Initiative Sustainability Reporting Guidelines, Version 4 (2013). 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 2017 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. In an internal report, we made recommendations in regard to the further development of the sustainability report as well as the management system.
We believe that the existing gaps are not significant and the sustainability report meets the requirements of the option "comprehensive" of the GRI, Version 4 (2013) in accordance with the GRI Index.

SIGNED FOR AND ON BEHALF OF SGS

Albert von Däniken, Lead Auditor

Elvira Bieri, Lead Auditor

Zurich, 29.01.2018

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 4 (within scope of the report) Ø = not relevant ☒ = not covered ☐ = partially covered ☑ = totally covered
1 Strategy and Analysis			
G4-1	Explanation from the most senior decision maker	☑	MC P. 7 Shareholders' letter; MC P. 57 Group structure; MC P. 29 Corporate strategy and objectives; SR P. 3 Stakeholders' Letter; SR P. 12 Strategic priorities and corporate responsibility targets; SR P. 20 Corporate Responsibility – governance and implementation
G4-2	Key implications, risks and opportunities	☑	Context: MC P. 19 General conditions; SR P. 5 Sustainable environment Risks: MC P. 53 Risks (Concern); SR P. 65 Main risk factors in the supply chain Opportunities: MC P. 31 Brands, products and services; SR P. 41 Work and life Targets and strategy: MC P. 29 Corporate strategy and objectives; SR P. 12 Strategic priorities and corporate responsibility targets; SR P. 12 Corporate Responsibility strategy
2 Organisational Profile			
G4-3	Name of organisation	☑	FS P. 99 Notes to the consolidated financial statements 1 General information
G4-4	Brands, products and services	☑	MC P. 31 Brands, products and services; SR P. 37 Work and life
G4-5	Head office of the organisation	☑	See G4-3
G4-6	Countries of business	☑	CG P. 57 2 Group structure and shareholders; FS P. 137 5.4 Group companies
G4-7	Ownership structure	☑	CG P. 57 2 Group structure and shareholders; FS P. 99 Notes to the consolidated financial statements 1 General information
G4-8	Markets	☑	MC P. 21 Swiss market trends in telecoms and IT services
G4-9	Size of organisation	☑	MC P. 4 KPIs of Swisscom Group; MC P. 5 Business Overview; MC P. 38 Financial review; CG P. 57 2 Group structure and shareholders
G4-10	Workforce in numbers	☑	SR P. 59 Employees in figures
G4-11	Percentage of total employees with CEA	☑	SR P. 59 Employees in figures
G4-12	Description of the supply chain	☑	SR P. 6 Value chain and main aspects of Corporate Responsibility; SR P. 61 Fair supply chain
G4-13	Changes in size, structure or ownership	☑	CG P. 57 2 Group structure and shareholders
G4-14	Precautionary principle	☑	SR P. 22 Precautionary principle; SR P. 44 Certification of the quality assurance system for compliance with ONIR limits; SR P. 51 Raising employee awareness in general and in the area of Corporate Responsibility
G4-15	Supporting charters, principles	☑	SR P. 11 Vision; SR P. 23 Management approaches and material issues; SR P. 42 Swisscom is a founding member of the Work Smart initiative; SR P. 49 Education Sponsorship Charter; SR P. 70 Memberships and partnerships; SR P. 68 Net neutrality; SR P. 71 Projects carried out as part of Swisscom's Corporate Responsibility
G4-16	Memberships of associations	☑	See G4-15
3 Identified Material Aspects and Boundaries			
G4-17	Organisational structure	☑	CG P. 57 2 Group structure and shareholders; FS P. 137 5.4 Group companies
G4-18	Procedure for determining the content of the report	☑	See G4-24
G4-19	Aspects for defining report content	☑	SR P. 9 Material issues
G4-20	Report boundary within the organisation	☑	CG P. 57 2 Group structure and shareholder (Scope of sustainability report); SR P. 77 Scope of the report
G4-21	Report boundary outside the organisation	☑	SR P. 77 Scope of the report
G4-22	New presentation of information	☑	No new presentation from old reports.
G4-23	Changes in the scope, report boundaries or measurement methods used	☑	See G4-20, G4-21

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4 Stakeholder Engagement

G4-24	Stakeholder groups	☑	SR P. 7 Dialogue with stakeholder groups and strategic priorities
G4-25	Selecting the stakeholder groups	☑	See G4-24
G4-26	Involvement of stakeholder groups	☑	SR P. 6 Stakeholder involvement; See G4-18, G4-24
G4-27	Stakeholder questions and concerns	☑	See G4-18, G4-24

5 Report Profile

G4-28	Reporting period	☑	01.01.2017–31.12.2017
G4-29	Publication of the last report	☑	www.swisscom.ch/report2016
G4-30	Reporting cycle	☑	Yearly
G4-31	Contact partner	☑	FS P. 169 Publishing details
G4-32	GRI Content Index and the chosen option	☑	It is structured in line with the Comprehensive option under GRI.
G4-33	Confirmation by external third party	☑	SR P. 79 SGS certification

6 Governance

G4-34	Management structure of the organisation	☑	CG P. 57 2 Group structure and shareholder; SR P. 20 Corporate – Responsibility – governance and implementation; CG P. 60 4 Board of Directors; CG P. 67 4.5 Internal organisation and modus operandi; CG P. 70 4.8 Assignment of powers of authority; CG P. 72 5 Group Executive Board
G4-35	Process for delegating authority	☑	See G4-34
G4-36	Responsibility for sustainability topics	☑	See G4-34
G4-37	Report processes for consultation between stakeholders and the highest governance body	☑	CG P. 78 7.3 Convocation of the Annual General Meeting and agenda items; Link: http://www.swisscom.ch/en/about/investors/contact.html; See also under the link: https://ip-ho.computershare.ch/swisscom for registered shareholder's from Swisscom
G4-38	Composition of the highest governance body	☑	CG P. 60 4 Board of Directors; CG P. 72 5 Group Executive Board
G4-39	Chair of the highest governance body	☑	CG P. 60 4 Board of Directors; CG P. 72 5 Group Executive Board
G4-40	Nomination and selection processes for the highest governance body	☑	CG P. 66 4.3 Election and term of office; CG P. 68 4.7 Committees of the Board of Directors: Nomination Committee
G4-41	Mechanisms for avoiding conflicts of interest	☑	Link: www.swisscom.ch/basicprinciples – Organisational Regulations; CG P. 70 4.9 Information and controlling instruments of the Board of Directors vis-à-vis the Group Executive Board
G4-42	Highest governance body's and senior executives' roles	☑	Link: www.swisscom.ch/basicprinciples – Organisational Regulations; See G4-34
G4-43	Development and enhancements of collective knowledge of the highest governance body in sustainability topics	☑	CG P. 67 4.5 Internal organisation and modus operandi
G4-44	Procedure for evaluating the sustainability performance of the most senior management body	☑	See G4-45, G4-47; Group Executive Board members were nominated as internal sponsors for the strategic priorities of the CR strategy; SR P. 20 Corporate Responsibility – governance and implementation
G4-45	Procedure of the most senior management body for monitoring sustainability performance	☑	See G4-34, G4-38; SR P. 20 Corporate – Responsibility – governance and implementation; CG P. 70 4.9 Information and controlling instruments of the Board of Directors vis-à-vis the Group Executive Board
G4-46	Reviewing the effectiveness of the organisation's risk management processes	☑	CG P. 70 4.9 Information and controlling instruments of the Board of Directors vis-à-vis the Group Executive Board; CG P. 70 4.9.1 Risk Management; CG P. 71 4.9.4 Internal audit
G4-47	Frequency of the examination of risks and opportunities	☑	CG P. 70 4.9 Information and controlling instruments of the Board of Directors vis-à-vis the Group Executive Board: annual; CG P. 70 4.9.1 Risk Management: quarterly at the Audit Committee; CG P. 71 4.9.2 Internal control system and financial reporting (ICS): quarterly at the Audit Committee; CG P. 71 4.9.3 Compliance management: quarterly at the Audit Committee; CG P. 71 4.9.4 Internal audit: quarterly at the Audit Committee In urgent cases: contemporary

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G4-48	Validation of the report from the highest governance body	☑	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 G4-34
G4-49	Communication of critical concerns	☑	CG P. 70 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 risks.
G4-50	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.
G4-51	Remuneration policies for the highest governance body	☑	RR P. 86 3 Remuneration of the Group Executive Board
G4-52	Determining remuneration	☑	RR P. 86 3 Remuneration of the Group Executive Board
G4-53	Stakeholders' views	☑	SR P. 7 Dialogue with stakeholder groups and strategic priorities; CG P. 78 7.3 Convocation of the Annual General Meeting; CG P. 78 7.4 Representation at the Annual General Meeting; Protocol
G4-54	Ratio of the highest-paid to the median annual total compensation	☑	SR P. 59 Employees in figures
G4-55	Ratio of percentage increase of the highest-paid to the increase median annual total compensation	☑	SR P. 59 Employees in figures

7 Ethics and Integrity

Indicators		Status	Reference
G4-56	Principles, standards and norms of behaviour	☑	Link: www.swisscom.ch/basicprinciples – Code of Conduct ; SR P. 11 Vision; CG P. 118 4.10.3 Compliance management; SPAG: http://www.public-affairs.ch/de/standeskommission/standesregeln Codex from Lissabon: https://prsuisse.ch/sites/default/files/basicfiles/kodex_von_lissabon_verhaltensno256.pdf
G4-57	Advice on ethical and lawful behaviour	☑	SR P. 23 Compliance management; CG P. 71 4.9.3 Compliance management; CG P. 71 4.9.4 Internal audit
G4-58	Reporting concerns about unethical or unlawful behaviour	☑	See G4-57

Generic Disclosures on Management Approach

Indicators		Status	Reference
G4-DMA	Generic Disclosures on Management Approach	☑	SR P. 22 Management approaches

Economic Performance Indicators

Indicators		Status	Reference
	Management approach and objectives	☑	MC P. 16 Strategy and the environment; MC P. 50 Financial Outlook
G4-EC1	Directly generated and distributed economic value	☑	MC P. 49 Statement of added value
G4-EC2	Financial consequences of climate change	☑	MC P. 54 Risks: risk factors: Health and the environment; Siehe G4-EN5, G4-EN6, G4-EN7, G4-EN18 und G4-EN26; Link: www.cdp.net
G4-EC3	Scope of company's benefits plan	☑	FS P. 129 4.3 Post-employment benefits; SR P. 58 Pension fund: comPlan; See LA3
G4-EC4	Significant financial contributions from the government	Ø	From a Group standpoint there were no matters in 2017 requiring disclosure in accordance with IAS 20 and no government grants at all.
G4-EC5	Entry-level salaries in relation to local minimum wage	☑	MC P. 29 Employee remuneration; SR P. 59 Employees in figures
G4-EC6	Location-based choice of staff	Ø	There is no location-based staff selection.
G4-EC7	Investment in infrastructure and services for the good of the community	☑	MC P. 20 Telecommunications Act (TCA); SR P. 64 Basic service provision; SR P. 48 "Internet for Schools" initiative
G4-EC8	Indirect economic effects	☑	MC P. 36 Telecommunications Enterprise Act (TEA) and relationship with the Swiss Confederation; SR P. 67 Networked Switzerland
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	☑	There is a location-based supplier selection for the location Switzerland.

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Ecological Performance Indicators

Indicators		Status	Reference
	Management approach and objectives	☑	SR P. 27 Environment, objectives and management approach
G4-EN1	Materials used	☑	SR P. 40 Environmental key figures in Switzerland; SR P. 36 Other environmental aspects in the company; Cables, optical fibres and telephone masts
G4-EN2	Recycling material	☑	SR P. 40 Environmental key figures in Switzerland; SR P. 36 Other environmental aspects in the company; Cables, optical fibres and telephone masts
G4-EN3	Internal energy consumption	☑	SR P. 29 Consumption of electricity (green electricity, networks, data centres and buildings); SR P. 30 Efficiency measures with fuel consumption, heat and reduction of CO_2; SR P. 30 Efficiency measures in fuel consumption, mobility and CO_2 reduction; SR P. 40 Environmental key figures in Switzerland; Separate climate report Swisscom, 2017, available online at the link: www.swisscom.ch/climatereport2017
G4-EN4	External energy consumption	☑	SR P. 33 CO_2 savings by customers thanks to sustainable ICT services; separate climate report Swisscom 2017, § 2.2 Energy consumption by customers Scope 3 cat. 11 (use of the products) online under: www.swisscom.ch/climatereport2017
G4-EN5	Energy intensity	☑	SR P. 32 The climate protection target of 2 to 1 in detail; SR P. 15 The most important indicators for the achievement of Swisscom's CR targets
G4-EN6	Energy saving	☑	SR P. 28 Energy efficiency: energy consumption and savings at Swisscom; SR P. 40 Environmental key figures in Switzerland
G4-EN7	Initiatives for reducing indirect energy consumption	☑	SR P. 33 CO_2 savings by customers thanks to sustainable ICT services; SR P. 34 Energy consumption and emissions by customers and the initiative to reduce them thanks to improved devices; SR P. 40 Environmental key figures in Switzerland
G4-EN8	Total water withdrawal	∅	SR P. 40 Environmental key figures in Switzerland; SR P. 36 Other environmental aspects in the company: water
G4-EN9	Impact of water consumption	∅	Not relevant, as water is only used for sanitary purposes.
G4-EN10	Recycled water	☑	Household water only.
G4-EN11	Property in or on the edge of protected areas	☑	SR P. 38 Other environmental aspects in the company: Soil and biodiversity
G4-EN12	Effects on biodiversity	☑	SR P. 38 Other environmental aspects in the company: Soil and biodiversity
G4-EN13	Protected or recreated natural habitats	☑	SR P. 38 Other environmental aspects in the company: Soil and biodiversity
G4-EN14	Endangered species	∅	Not collected as not relevant.
G4-EN15	Direct Greenhouse gas (GHG) emissions (Scope 1)	☑	SR P. 28 Energy efficiency: energy consumption and savings at Swisscom; SR P. 40 Environmental key figures in Switzerland; separate climate report Swisscom 2017, available online at the link: www.swisscom.ch/climatereport2017
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	☑	SR P. 24 Energy efficiency: energy consumption and savings at Swisscom; SR P. 40 Environmental key figures in Switzerland; separate climate report Swisscom 2017, available online at the link: www.swisscom.ch/climatereport2017
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	☑	SR P. 24 Energy efficiency: energy consumption and savings at Swisscom; SR P. 40 Environmental key figures in Switzerland; separate climate report Swisscom 2017, available online at the link: www.swisscom.ch/climatereport2017
G4-EN18	Greenhouse gas (GHG) emissions intensity	☑	SR P. 15 The most important indicators for the achievement of Swisscom's CR targets; separate climate report Swisscom 2017, available online at the link: www.swisscom.ch/climatereport2017
G4-EN19	Reduction of greenhouse gas (GHG) emissions	☑	SR P. 33 CO_2 savings by customers thanks to sustainable ICT services; SR P. 34 Energy consumption and emissions by customers and the initiative to reduce them thanks to improved devices; SR P. 40 Environmental key figures in Switzerland; separate climate report Swisscom 2017, available online at the link: www.swisscom.ch/climatereport2017
G4-EN20	Emissions of ozone-reducing substances	☑	SR P. 37 Cooling systems and refrigerants
G4-EN21	NO_x, SO_2 and other air emissions	☑	SR P. 40 Environmental key figures in Switzerland
G4-EN22	Waste water discharge	☑	Water is only used for sanitary purposes.
G4-EN23	Waste by type and method of disposal	☑	SR P. 40 Environmental key figures in Switzerland; SR P. 38 Other environmental aspects in the company; Waste and recycling
G4-EN24	Significant releases	☑	No significant releases known.

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G4-EN25	Dangerous waste according to the Basel Convention	Ø	Not relevant. Swisscom did not transport in 2017 waste classified under the Basle Convention.
G4-EN26	Impact of waste water on biodiversity	Ø	Not relevant. Waste water is discharged into municipal sewage treatment plants.
G4-EN27	Initiatives to minimise environmental impacts	☑	SR P. 33 CO_2 savings by customers thanks to sustainable ICT services; SR P. 34 Energy consumption and emissions by customers and the initiative to reduce them thanks to improved devices; SR P. 40 Environmental key figures in Switzerland; separate climate report Swisscom 2017, available online at the link: www.swisscom.ch/climatereport2017
G4-EN28	Packaging materials	☑	SR P. 66 Other environmental aspects in the company; Packaging
G4-EN29	Penalties for environmental offences	☑	No fines or penalties were imposed for non-Compliance Management System with legal requirements in 2017. SR P. 23 Compliance management
G4-EN30	Effects of transportation	☑	SR P. 30 Efficiency measures in fuel consumption, mobility and CO_2 reduction
G4-EN31	Expenditure on environmental protection	☐	No separate expenditure collected.
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	☑	SR P. 63 Audits
G4-EN33	Environmental impacts in the supply chain	☑	SR P. 63 Audits; SR P. 65 Main risk factors in the supply chain
G4-EN34	Grievances about environmental impacts	☑	No grievances about environmental impacts known in 2017. See SR P. 44 Advice and information on wireless technologies and the environment

Social Performance Indicators: Labour practices and humane employment conditions

	Management approach and objectives	☑	MC P. 29 Employee remuneration; SR P. 47 Environment, objectives and management approach; SR P. 55 Staff development
G4-LA1	New hiring and employee turnover	☑	SR P. 59 Employees in figures
G4-LA2	Benefits for full-time employees	☑	MC P. 28 Employees; SR P. 58 Fringe benefits
G4-LA3	Maternity and paternity leave (days)	☑	SR P. 59 Employees in figures
G4-LA4	Notification deadline(s) in relation to key operational changes	☑	CEA § 3.3 Negotiations should be engaged early enough with the contracting unions.
G4-LA5	Employees represented on workplace safety committees	☑	MC P. 28 Collective employment agreement (CEA); MC P. 30 Employees (100% of staff); SR P. 52 Health and safety in the workplace
G4-LA6	Occupational illness, days lost due to illness and work-related deaths	☑	SR P. 59 Employees in figures
G4-LA7	Workers with high incidence or high risk of diseases	☑	SR P. 52 Employee health; SR P. 52 Occupational health and safety; not relevant for Swisscom
G4-LA8	Work and safety agreements with unions	☑	SR P. 52 Employee health; SR P. 52 Occupational health and safety;
G4-LA9	Employee training	☑	SR P. 55 Staff development
G4-LA10	Lifelong learning programmes	☑	SR P. 55 Staff development; Language courses/language skills and training opportunities on new media: partnership with the swiss education-portal www.ausbildung-weiterbildung.ch
G4-LA11	Performance evaluation and development planning for employees	☑	SR P. 59 Employees in figures; MC P. 57 Collective employment agreement (CEA)
G4-LA12	Composition of management bodies and distribution of employees by category	☑	CG P. 60 4 Board of Directors; CG P. 72 5 Group Executive Board; SR P. 59 Employees in figures
G4-LA13	Salary differences between genders	☑	MC P. 29 Employee remuneration; SR P. 57 Equal pay; SR P. 59 Employees in figures
G4-LA14	New suppliers that were screened using labour practices criteria	☑	SR P. 63 Audits
G4-LA15	Impacts for labour practices in the supply chain	☑	SR P. 63 Audits; SR P. 65 Main risk factors in the supply chain
G4-LA16	Grievances about labour practices	☑	SR P. 54 Diversity; No incidents known of discrimination in the year 2017.

Indicators		Status	Reference MC = Management Commentary, SR = Sustainability Report, CG = Corporate Governance, RR = Remuneration Report, FS = Financial Statements or Website Swisscom
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Social Performance Indicators: Human Rights

Indicators		Status	Reference
	Management approach and objectives	☑	SR P. 61 Fair supply chain; SR P. 61 Environment, objectives and management approach; Link: www.swisscom.ch/suppliers
G4-HR1	Investment agreements	☑	The Corporate Responsibility Contract Appendix (CRV) is part of all contracts.
G4-HR2	Training on human rights	☑	SR P. 51 Raising employee awareness in general and in the area of Corporate Responsibility
G4-HR3	Incidents of discrimination	☑	SR P. 61 Audit result – Example of commitments with suppliers; Table with shortcomings
G4-HR4	Freedom of association and collective bargaining	☑	Covered by the mutually agreed obligation to avoid industrial action under collective employment agreement (CEA).
G4-HR5	Child labour	☑	SR P. 65 Fair supply chain: main risk factors in the supply chain
G4-HR6	Forced labour	☑	SR P. 65 Fair supply chain: main risk factors in the supply chain
G4-HR7	Training of security staff in human rights	Ø	Not relevant: Sub-contracted to Securitas.
G4-HR8	Violation of indigenous rights	Ø	Not relevant for company locations, see List of Group companies (MC P. 137 note 5.4 Group companies).
G4-HR9	Operations that have been subject to human rights	Ø	No new company locations in 2017.
G4-HR10	New suppliers that were screened using human right criteria	☑	SR P. 63 Audits
G4-HR11	Human right impacts in the supply chain	☑	SR P. 63 Audits; SR P. 65 Main risk factors in the supply chain
G4-HR12	Grievances about human right impacts	☑	No grievances about human right impacts in 2017.

Social Performance Indicators: Society

Indicators		Status	Reference
	Management approach and objectives	☑	SR P. 22 Management approaches
G4-SO1	SR P. 18 Management approaches	☑	MC P. 24 Infrastructure; SR P. 63 Basic service provision; SR P. 47 Media protection for minors and promoting media skills; SR P. 48 "Internet for Schools" initiative; SR P. 70 Social and cultural commitments
G4-SO2	Operations with impacts on local community	☑	SR P. 47 Media protection for minors and promoting media skills: Media protection for minors and guidelines on media content
G4-SO3	Corruption risks	☑	SR P. 15 The most important indicators for the achievement of Swisscom's CR targets; SR P. 23 Compliance management;
G4-SO4	Training on anti-corruption policy	☑	SR P. 15 The most important indicators for the achievement of Swisscom's CR targets; SR P. 23 Compliance management;
G4-SO5	Incidents of corruption and measures taken	☑	SR P. 23 Compliance management; No corruption case known in 2017.
G4-SO6	Contributions to parties and politicians	☑	SR P. 25 Swisscom's responsibility towards the public; Swisscom is politically and confessional neutral and doesn't support financially political parties.
G4-SO7	Legal action as a result of anticompetitive behaviour	☑	MC P. 20 General conditions: Legal environment; FS P. 99 Significant accounting judgments, estimates and assumptions in applying the financial statement accounting policies; FS P. 126 Provisions: Provisions for regulatory and competition-law proceedings; FS P. 125 3.5 Provisions, contingent liabilities and contingent assets
G4-SO8	Penalties for breaching legal requirements	☑	SR P. 23 Compliance management; See G4-SO7
G4-SO9	New suppliers that were screened using criteria for impact on society	☑	SR P. 63 Audits
G4-SO10	Impact on society in the supply chain	☑	SR P. 63 Audits; SR P. 65 Main risk factors in the supply chain
G4-SO11	Grievances about impacts on society	☑	No grievances about impacts on society known in 2017. Not relevant for Swisscom.

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Social Performance Indicators: Product responsibility

		Status	Reference
	Management approach and objectives	☑	SR P. 22 Management approaches
G4-PR1	Percentage of product for which health and safety impacts are assessed for improvement	☑	SR P. 71 Projects carried out as part of Swisscom's Corporate Responsibility; SR P. 44 Low-radiation communications technology; SR P. 47 Media protection for minors and guidelines on media content
G4-PR2	Violations of health standards	☑	Relevant health standards for the mobile network are contained in the ICNIRP Guidelines and, in particular, the ONIR See IO5 Standards for radiation from base station; SR P. 23 Compliance management; No violations of relevant health standards or standards on product labelling detected in 2017.
G4-PR3	Product information	Ø	SR P. 45 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.
G4-PR4	Violations of standards on product labelling	☑	SR P. 23 Compliance management; No violations of standards on product labelling detected in 2017.
G4-PR5	Customer satisfaction	☑	MC P. 34 Customer satisfaction
G4-PR6	Standards in relation to advertising	☑	SR P. 71 Projects carried out as part of Swisscom's Corporate Responsibility; SR P. 24 Responsible marketing
G4-PR7	Violations of marketing standards	☑	SR P. 24 Responsible marketing. No violations of marketing standards detected in 2017.
G4-PR8	Infringement of the protection of customer data	☑	SR P. 23 Compliance management; In 2017, a case of unauthorized third-party data access was discovered.
G4-PR9	Sanctions due to product and service requirements	☑	SR P. 23 Compliance management; There were no known breaches of product and service provisions in 2017. No fines were imposed.

GRI Telecommunications Sector Supplement: Capital expenditure

		Status	Reference
IO1	Capital invested in infrastructure-measures by region	☑	MC P. 45 Capital expenditure
IO2	Net costs for extending service to remote geographic locations and low-income groups which are not profitable. Describe relevant legal requirement in Switzerland	☑	MC P. 24 Infrastructure; MC P. 20 Telecommunications Act (TCA); SR P. 68 Basic service provision; Detailed cost calculations for the basic services are not available because Swisscom has not claimed these costs resp. renounced to activate the compensation fund of the Swiss Confederation.

Health and safety

		Status	Reference
IO3	Practices to ensure health and safety of field personnel engaged in installing infrastructure	☑	SR P. 52 Employee health; SR P. 52 Occupational health and safety
IO4	Compliance Management System with the ICNIRP standards for radiation from terminal devices	Ø	Not relevant, terminal devices suppliers' responsibility.
IO5	Compliance Management System with the ICNIRP standards	☑	SR P. 44 Certification of the quality assurance system for compliance with ONIR limits; Swisscom complies with the ONIR limits.
IO6	Measures relating to the SAR values of terminal devices	☑	SR P. 44 Research and development in the area of electromagnetic fields; SR P. 45 Duty to provide information on products offered at points of sale (last sentence)

Infrastructure

		Status	Reference
IO7	Measures relating to the placement of masts	☑	See under Network planning / coverage: www.swisscom.ch/networkcoverage MC P. 24 Infrastructure in Switzerland
IO8	Number of stand-alone and shared transmitter masts	☑	MC P. 24 Infrastructure in Switzerland

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Providing access to telecommunications products and services: Bridging the digital divide

PA1	Strategies and measures in sparsely populated areas	☑	MC P. 20 Telecommunications Act (TCA); SR P. 68 Basic service provision
PA2	Strategies and measures for overcoming barriers to access and use	☑	MC P. 20 Telecommunications Act (TCA); SR P. 63 Basic service provision; SR P. 71 Swisscom offerings for people with impairments; SR P. 47 Media protection for minors and promoting media skills; SR P. 48 "Internet for Schools" initiative
PA3	Strategies and measures to ensure availability and reliability of products and services	☑	MC P. 54 Business interruption; SR P. 68 Basic service provision
PA4	Distribution area and market shares for products and services	☑	MC P. 21 Swiss market trends in telecoms and IT services
PA5	Number and types of products and services available for low-earners and people without any income	☑	SR P. 71 Offerings for people with limited financial resources
PA6	Programmes and measures for the provision and maintenance of services in emergency situations	☑	MC P. 54 Business interruption; Free call number: emergency number 112; fire brigade 118; sanitarian number 144 Number with costs: REGA 1414, Air Glacier 1415; road help 140

Access to Content

PA7	Strategies and measures to guarantee human rights issues in relation to access and use of telecommunications products and services	∅	Not relevant for the reporting boundary in Switzerland.

Customer relationships

PA8	Strategies and measures for communicating EMF-related issues to the public	☑	SR P. 44 Low-radiation communications technologies; www.swisscom.ch/radiation
PA9	Investments in activities for research on electromagnetic fields	☑	SR P. 44 Research and development in the area of electromagnetic fields; See www.swisscom.ch/innovation; See www.swisscom.ch/radiation
PA10	Initiatives to guarantee transparent fees and tariffs	☑	Swisscom discloses its tariff structure and also offers consulting services for optimising customers' fees and tariffs; Link: www.swisscom.ch/mobiletariffs
PA11	Initiatives to advise customers on responsible, efficient and environ-mentally friendly product use	☑	SR P. 33 CO_2 savings by customers thanks to sustainable ICT services; SR P. 34 Energy consumption and emissions by customers and the initiative to reduce them thanks to improved devices; See G4-EN27

Technology Applications: Resource Efficiency

TA1	Examples of the resource efficiency of telecommunications products and services	☑	SR P. 33 CO_2 savings by customers thanks to sustainable ICT services; SR P. 34 Energy consumption and emissions by customers and the initiative to reduce them thanks to improved devices; See G4-EN27
TA2	Examples of the replacement of physical objects with telecommunications	☑	SR P. 33 CO_2 savings by customers thanks to sustainable ICT services; SR P. 34 Energy consumption and emissions by customers and the initiative to reduce them thanks to improved devices; See G4-EN27
TA3	Change in customer behaviour through the use of the above-mentioned products and services	☑	SR P. 33 CO_2 savings by customers thanks to sustainable ICT services; SR P. 34 Energy consumption and emissions by customers and the initiative to reduce them thanks to improved devices; See G4-EN27; See Survey on Green ICT at www.swisscom.ch/greenict
TA4	Effects of the use of the above-mentioned products and services and lessons learned for future development	☑	SR P. 33 CO_2 savings by customers thanks to sustainable ICT services; SR P. 34 Energy consumption and emissions by customers and the initiative to reduce them thanks to improved devices; See G4-EN27; See Survey on Green ICT at www.swisscom.ch/greenict
TA5	Practices in relation to copyright laws	☑	SR P. 24 Practices in relation to copyright laws