

# Swisscom Ltd

## Organisational Rules

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Annex 2

**Organisational Regulations**  
**(organisational chart)**

Suspended Document

## **I GENERAL**

### **1 Basics**

The Organisational Regulations are an annex to the Organisational Rules of Swisscom Ltd which define the binding framework for the management of the Group, i.e. Swisscom Ltd and the shareholdings ('subsidiaries') it controls in accordance with IFRS 10.

The Board of Directors has delegated the overall management of the Group to the CEO within the framework of the legal provisions and the regulations contained in the Organisational Rules, and has provided the CEO with a supporting Group Executive Board.

### **2 Object of the Organisational Regulations**

The Organisational Regulations outline the order of responsibilities for Swisscom Ltd as defined by the Board of Directors in the Organisational Rules, in the form of an organisational chart, and also list the topics and business to be submitted to the Board of Directors. The Board of Directors may delegate duties and powers to the standing committees of the Board of Directors.

The responsibilities of the CEO of Swisscom Ltd result from the delegation of management by the Board of Directors. In individual cases, they are explicitly mentioned.

### **3 Regulations and directives**

The Board of Directors issues further regulations and directives based on the Organisational Rules. On the basis of the Organisational Rules, the CEO issues directives and other regulations which also specify the responsibilities of the Group Functions. In addition, the CEO issues directives in particular to the Business Divisions, the Group Functions and the subsidiaries within the scope of the CEO's authority.

### **4 Subsidiary categories**

The Organisational Rules of Swisscom Ltd and these Organisational Regulations distinguish between three categories of subsidiaries:

- Strategic subsidiaries (category I);
- Major subsidiaries (category II);
- Other subsidiaries (category III).

The Board of Directors decides on the allocation of individual subsidiaries to category I and the CEO upon the allocation to categories II and III. As a rule, the value enhancement and growth potential, revenue, number of employees and invested capital are taken into account.

### **5 Procedure for proposals to the Board of Directors**

#### **5.1 Involvement of concerned entities and signature**

Anyone submitting a proposal to the Board of Directors or the committees of the Board of Directors of Swisscom Ltd must include all concerned Business Divisions, Group Functions and subsidiaries and document their involvement. Proposals must be signed off by the Heads of Group Business Steering, Group Strategy & Business Development and Group Security & Corporate Affairs as well as by the General

Counsel. By signing, the signatories confirm that they have examined the proposal and agree with it from the point of view of their area. Signatures shall be obtained by the entity preparing the proposal at least five working days prior to submission of the proposal to the Board of Directors. Shorter deadlines are only permitted in justified exceptional cases and only if the area whose signature is concerned was involved from the beginning.

## **5.2 Contents**

In the draft resolution, the decisions to be taken, the authorisations to be granted or the facts to be taken note of shall be formulated in such a way that what has been decided, together with the reasons, can be determined unambiguously at any time. The justification of the proposal shall set out in a comprehensible manner the relevant facts, the variants examined and the reasons for the proposed resolutions. The business risks and effects, in particular financial, as well as legal and political risks and effects of the proposed resolutions shall be presented in a complete and unbiased manner. For introduction purposes, a management summary consisting of the essential aspects of the initial situation and the justification must be prepared for the minutes (maximum half a page).

## **5.3 Proposal form and appendices<sup>1</sup>**

Proposals must be recorded on the forms available on the intranet in Word format or in PowerPoint in as much detail as necessary and as briefly as possible. For proposals with a proposed volume equal to or greater than CHF 100 million, the form in Word format must always be used. The proposal document (Word or PowerPoint), including a one-page management summary, must not exceed 12 pages, and for investment proposals above CHF 100 million must not exceed 24 pages. Appendices to the proposal may be used to explain specific points of the proposal.

## **5.4 Information and written communications**

Information and written communications can be presented in PowerPoint or in Word format with a maximum of 12 pages. For introduction purposes, a management summary consisting of the essential aspects of the initial situation and the justification must be prepared for the minutes (maximum half a page). For written communications, the Word template that is available on the intranet can be used.

## **6 Abbreviations**

AGM	Annual General Meeting of Shareholders
BoD	Board of Directors
CEO	Chief Executive Officer
GBS	Group Business Steering
GCR	Group Communication & Responsibility
GSA	Group Security & Corporate Affairs
GEB	Group Executive Board
D	Decision
H	Body to be informed by holder of decision-making power (D)

**II Organisational chart**

<b>A</b>	<b>Leadership and organisation</b>	<b>AGM</b>	<b>BoD</b>	<b>CEO</b>
1.	Authorisation of the objectives and principles of the corporate policy (e.g. mission statement) of the Group		D	
2.	Authorisation of the Group strategy and medium-term plan (business plan)		D	
3.1	Determination of the organisation of the Group (Group structure, organisation of the top management of Swisscom Ltd, allocation of subsidiaries to category I)		D	
3.2	Issuance of directives and other regulations on the management of the Group		H	D
4.1	<ul style="list-style-type: none"> <li>Authorisation of the Organisational Rules of Swisscom Ltd and its annexes</li> </ul>		D	
4.2	<ul style="list-style-type: none"> <li>Issuance of the model Articles of Incorporation and model Organisational Rules for subsidiaries, as well as approval of the Articles of Incorporation and Organisational Rules to be issued by category I and II subsidiaries, insofar as these documents deviate significantly from the model Articles of Incorporation or model Organisational Rules for subsidiaries<sup>2</sup></li> </ul>		D	
5.1	Authorisation of changes to the company structure or investment portfolio, in particular: <ul style="list-style-type: none"> <li>Foundation, mergers and liquidations of subsidiaries;</li> <li>Entering or sale of participations and amendments of the stake or shareholding;</li> <li>Purchase or sale of a business or a company or parts thereof by means of a takeover of assets, debts and personnel by Swisscom Ltd or a subsidiary;</li> <li>Other comparable actions.</li> </ul>			
	in excess of CHF 20 million <sup>3</sup>		D	
	up to and including CHF 20 million <sup>3</sup>		H	D

<sup>2</sup> The planned adoption or planned amendments of the Articles of Incorporation or the Organisational Rules of a subsidiary must be submitted in advance to the General Counsel of Swisscom Ltd, who shall decide whether such a deviation exists.

<sup>3</sup> With transactions and related financing, the cumulative, non-discounted, maximum financial requirements including the net debt of the purchase object (or the non-discounted, cumulative maximum negative free cash flow prior to financing) which can be taken from the business plan, are decisive, regardless of whether the financing is carried out using own or borrowed capital. The relevant liquidation costs and necessary value adjustments are relevant for the divestiture of subsidiaries. For sales, the estimated enterprise value is used as the benchmark.



A	Leadership and organisation	AGM	BoD	CEO
5.2	Resolutions and actions to be taken by the BoD pursuant to the Swiss Merger Act <sup>4</sup> and other enactments in addition to the operations described in section A 5.1 and irrespective of the thresholds		D	
6.	Authorisation of entering into and liquidation of strategic alliances with a significant impact on the business activities, geographical focus of the Group or capital structure of Swisscom Ltd		D	
7.	Establishing and monitoring the Group-wide assurance functions of risk management, internal control system, compliance and internal audit, as well as approving the corresponding objectives, organisation, processes and tasks		D	
8.1	Authorisation of transactions that are of major importance to the Group or could lead to considerable controversy in the public domain (e.g. statement on important parliamentary initiatives)		D	
8.2	Authorisation of transactions that are of major significance for Swisscom (Switzerland) Ltd		H	D
9.	Definition of the principles for signatory powers within the Group and designation of the persons authorised to sign who are to be entered in the Commercial Register		D	
10.	Legal challenge to resolutions of the AGM		D	
11.	Selection of the auditors to be elected by the AGM of the subsidiaries		D	
12.	Maintenance of the Share Register and Register of Dematerialised Securities of Swisscom Ltd		D	
13.	Decisions on requests to register shares in accordance with section 3.5 of the Articles of Incorporation (provisions on transfer restrictions) of Swisscom Ltd		D	
14.	Communication of Swisscom as a Group			
	• Authorisation of the basic principles of the Group's communication policy;		D	
	• Definition of the Group-wide brand strategy (foundations for Group Identity, Group Design and Group Branding);		D	
	• Group Identity / Group Design / Group Branding in detail;			D
	• Communication for the Group (internal and external) in detail.			D
16.	Definition of the Group-wide patent strategy		D	

<sup>4</sup> Swiss Federal Act on Mergers, Demergers, Conversion and Transfer of Assets and Liabilities; SR 221.301.



A	Leadership and organisation	AGM	BoD	CEO
17.	Preparation, convocation and conducting of ordinary and extraordinary AGMs		D	
18.	Submissions and appeals to authorities, commissions, courts and administrative bodies for matters of Group-wide significance		H	D
19.	Exchange with DETEC, FDF and the Federal Council on fundamental matters		D	
20.	Consideration of the strategic objectives of the majority shareholder		D	
21.	Adoption and amendment of the Articles of Incorporation of Swisscom Ltd	D		
22.	Election and dismissal of the Chairperson of the Board of Directors, the members of the Board of Directors, the members of the Compensation Committee, the independent proxy and the auditors	D	Submit s propos al	



<b>B</b>	<b>Planning and control</b>	<b>AGM</b>	<b>BoD</b>	<b>CEO</b>
1.	Determination of the annual strategic planning process for Swisscom Ltd, the subsidiaries and consolidated for the Group		D	
2.	Control of compliance with financial and strategic objectives		D	
	• by Swisscom Ltd and the category I and II subsidiaries;		D	
	• by the category III subsidiaries.			D
3.	Requirements for structuring accounting, financial controlling and financial planning		D	
4.	Guidelines for the reporting of the Chairperson of the Board of Directors, the CEO and CFO of Swisscom Ltd as well as the Chairperson of the Boards of Directors and the CEOs of the subsidiaries to the Board of Directors of Swisscom Ltd		D	
5.	Requirements for structuring corporate reporting (financial reports)		D	
6.	Periodic monitoring of compliance with federal strategic goals and authorisation of the report on compliance with federal strategic goals		D	
7.	Conducting of an annual debate on the annual financial statement together with the auditors and with the internal audit department		D	
8.	Authorisation of the integrated strategic audit plan (ISP), which includes all planned audit activities of the external and internal bodies in the Group, with regard to the audit activities of the internal bodies		D	
9.	Verification of the independence and professional competence of the auditors		D	
10.	Authorisation of the principles for the fulfilment of obligations under stock exchange law and precautions to prevent insider trading		D	
11.	Authorisation of a procedure for the confidential, anonymous receipt and handling of complaints on matters relating to external accounting, financial reporting and assurance functions		D	
12.	Operational controlling			D



C	Finance	AGM	BoD	CEO
1	Authorisation of the Group's tax strategy		D	
2.	Authorisation of the Group's medium-term financing plan		D	
3.	Authorisation:			
	<ul style="list-style-type: none"> <li>of the annual targets (budget) of Swisscom Ltd, the category I subsidiaries and consolidated for the Group, which in particular set targets for the income statement, investment and divestment statement, cash flow statement and balance sheet;</li> </ul>		D	
	<ul style="list-style-type: none"> <li>of the annual targets of the category II and III subsidiaries, which in particular set targets for the income statement, investment and divestment statement, cash flow statement and balance sheet.</li> </ul>			D
4.1	<p>Authorisation of the procurement or sale of non-investment goods as well as investments and divestments<sup>5</sup> with a cumulative peak exposure<sup>6</sup>, without considering the facts pursuant to section A 5.1 in particular:</p> <ul style="list-style-type: none"> <li>projects, construction projects, rental and leasing agreements, as well as long-term network infrastructure/right-of-use assets, energy;</li> <li>other contracts and fixed payment obligations with external total costs, even if the projects have to be divided into tranches (multi-year non-cancellable leases, supply, service and purchase obligations, etc.);</li> <li>disposal of assets, decommissioning of assets, liquidation of assets, as well as;</li> <li>waiver of receivables</li> </ul>			
	<ul style="list-style-type: none"> <li>in excess of CHF 50 million</li> </ul>		D	
	<ul style="list-style-type: none"> <li>up to CHF 50 million.</li> </ul>		H <sup>7</sup> (> CHF 20 million )	D
4.2	<p>Authorisation of investment programmes with recurring individual investments (unit of matter), with a peak exposure</p>			
	<ul style="list-style-type: none"> <li>in excess of CHF 100 million in three years or CHF 50 million in a single year;</li> </ul>		D	

<sup>5</sup> Including self-constructed assets and intermediate inputs of other subsidiaries.

<sup>6</sup> Peak exposure is defined as the non-discounted, cumulative, maximum financial requirement (i.e. the non-discounted, cumulative, maximum negative free cash flow prior to financing) that can be taken from the business plan.

<sup>7</sup> H of the BoD in any case where the terms of an ongoing contractual relationship have been subsequently adjusted.





C	Finance	AGM	BoD	CEO
	<ul style="list-style-type: none"> <li>up to CHF 100 million in three years or CHF 50 million in a single year.</li> </ul>			D
4.3	Authorisation of contracts of the subsidiaries with customers with a total volume in excess of CHF 80 million or CHF 20 million per year and offers for such contracts prior to their conclusion or submission		H	D
5.	Authorisation of sureties, guarantees, pledges or assignment of assets (including incurrence of joint liabilities and contract penalties) of Swisscom Ltd and its subsidiaries			
	<ul style="list-style-type: none"> <li>in favour of third parties in excess of CHF 50 million;</li> </ul>		D	
	<ul style="list-style-type: none"> <li>in favour of third parties up to CHF 50 million;</li> </ul>		H	D
	<ul style="list-style-type: none"> <li>in favour of subsidiaries in excess of CHF 100 million;</li> </ul>		D	
	<ul style="list-style-type: none"> <li>in favour of subsidiaries up to CHF 100 million.</li> </ul>		H	D
6.	Authorisation of letters of comfort, letters of subordination, debt waivers and other balance sheet and financial restructuring payments by Swisscom Ltd or its subsidiaries in favour of subsidiaries			
	<ul style="list-style-type: none"> <li>in excess of CHF 100 million;</li> </ul>		D	
	<ul style="list-style-type: none"> <li>up to CHF 100 million.</li> </ul>		H	D
7.	Granting of loans and credits (including financing commitments and increases in shareholder capital without changes in shareholdings)			
	<ul style="list-style-type: none"> <li>to third parties in excess of CHF 50 million;</li> </ul>		D	
	<ul style="list-style-type: none"> <li>to third parties up to CHF 50 million;</li> </ul>			D
	<ul style="list-style-type: none"> <li>to subsidiaries<sup>8</sup> in excess of CHF 100 million.</li> </ul>		D	
	<ul style="list-style-type: none"> <li>to subsidiaries<sup>8</sup> up to CHF 100 million</li> </ul>			D
8.1	Authorisation of long-term financing (over 360 days) (bank loans, debenture loans, leases)			
	<ul style="list-style-type: none"> <li>in excess of CHF 100 million;</li> </ul>		D	
	<ul style="list-style-type: none"> <li>up to CHF 100 million.</li> </ul>			D
8.2	Authorisation of short-term financing (up to 360 days)			
	<ul style="list-style-type: none"> <li>in excess of CHF 500 million;</li> </ul>		D	

<sup>8</sup> The release of loans and credits to wholly owned subsidiaries of Swisscom is generally done as part of an explicit request in the budget process. In the following cases in particular, a separate CEO or BoD application must always be prepared which sets out the key points on which the loan authorisation is based:

- Granting of loans to wholly owned subsidiaries if a sale process or investment by a third party is sought in the planning year;
- Granting of loans to (i) subsidiaries in which minority shareholders have an interest, (ii) participations not controlled by Swisscom or (iii) third parties.



<b>C</b>	<b>Finance</b>	<b>AGM</b>	<b>BoD</b>	<b>CEO</b>
	<ul style="list-style-type: none"> <li>up to CHF 500 million.</li> </ul>			D
9.	Authorisation of structured financing (e.g. securitisation, sale and lease back, cross-border leasing, asset-backed deals and equity-linked deals)		D	
10.	Authorisation of the basic principles of Group-wide cash pooling and corresponding contracts		D	
11.	Proposals to the AGM for authorisation of the management report, the annual financial statements, the consolidated financial statements, the appropriation of retained earnings, the maximum total amounts of compensation for the BoD and the GEB, and the consultative vote on the compensation report		D	
12.	Authorisation of the quarterly financial statements and acknowledgement of the projections		D	
13.	Authorisation of the annual report with management report, annual financial statement and consolidated financial statement	D		
14.	Authorisation of the appropriation of retained earnings and declaration of dividend	D		
15.	Resolutions on increases for approved increases in share capital		D	
16.	Determination of changes in capital and ensuing amendments to the Articles of Incorporation (including deletions) as well as the necessary reports on increased share capital		D	
17.	Ordinary increase in share capital, creation of conditional capital and a capital spread as well as corresponding amendments to the Articles of Incorporation	D		
18.	Judicial notification in case of over-indebtedness		D	
19.	Authorisation of the involvement of third parties (consultants, experts, studies, mandating of lawyers, notaries, banks and audit firms, HR consultants, etc.):			
	<ul style="list-style-type: none"> <li>in excess of CHF 1 million in individual cases;</li> </ul>		H	D
	<ul style="list-style-type: none"> <li>up to CHF 1 million in individual cases.</li> </ul>			D



D	Personnel and social matters	AGM	BoD	CEO
1.	Authorisation of the personnel and compensation policy for the Group		D	
2.1	Definition of the compensation concept of the BoD of Swisscom Ltd		D	
2.2	Authorisation of the maximum total compensation amount of the BoD of Swisscom Ltd	D		
2.3	Authorisation of the compensation of the members of the BoD of Swisscom Ltd within the scope of the total amount approved by the AGM		D	
3.1	Appointment and dismissal of members of the Group Executive Board		D	
3.2	Appointment and dismissal of the other members of the Executive Board of the category I subsidiaries not elected by the BoD via their competent bodies		H	D
4.	Authorisation of the compensation concept and the general terms and conditions of employment of the members of the Group Executive Board		D	
5	Authorisation of the guidelines of variable performance-related salary component for members of the Group Executive Board		D	
6.1	Authorisation of the maximum total compensation amount of the members of the GEB	D		
6.2	Authorisation of the total compensation of the members of the GEB (not including CEO) and authorisation of the compensation of the CEO within the scope of the total amount approved by the AGM		D	
6.3	Authorisation of incentive targets		D	
6.4	Authorisation of the compensation of the members of the Executive Board <sup>9</sup> of the category I subsidiaries via their competent bodies		H	D
6.5	Issuance of the expenses regulations for the members of the Board of Directors and Group Executive Board		D	
7.	Appointment and dismissal of members of the BoD and the CEOs of subsidiaries via their respective bodies:			
	• for category I subsidiaries;		D	
	• for category II + III subsidiaries.			D
8.	Authorisation of the general terms and conditions of employment for management (excluding GEB):			
	• of Swisscom Ltd and the category I and II subsidiaries;		D	

<sup>9</sup> Members of the management board who are not members of the GEB at the same time



D	Personnel and social matters	AGM	BoD	CEO
	<ul style="list-style-type: none"> <li>of the category III subsidiaries.</li> </ul>			D
9.1	Authorisation of the collective employment agreement (CEA) of Swisscom Ltd and its subsidiaries, including amendments thereto and affiliation agreements			
	<ul style="list-style-type: none"> <li>of Swisscom Ltd and the category I and II subsidiaries;</li> </ul>		D	
	<ul style="list-style-type: none"> <li>of the category III subsidiaries.</li> </ul>		H	D
9.2	Authorisation of social plans			
	<ul style="list-style-type: none"> <li>of Swisscom Ltd and the category I and II subsidiaries;</li> </ul>		D	
	<ul style="list-style-type: none"> <li>of the category III subsidiaries.</li> </ul>		H	D
10.	Authorisation of the salary negotiation with the social partners		D	
11.1	Definition of the basic principles of the share and profit-sharing schemes for the BoD and GEB in the Articles of Incorporation	D		
11.2	Authorisation of share and profit-sharing schemes for the members of the BoD, management and employees			
	<ul style="list-style-type: none"> <li>of Swisscom Ltd and subsidiaries;</li> </ul>		D	
	<ul style="list-style-type: none"> <li>in case of acquisitions and new start-ups <ul style="list-style-type: none"> <li>of subsidiaries, for investments with a transaction volume in excess of CHF 20 million;</li> <li>of subsidiaries, for investments with a transaction volume up to and including CHF 20 million;</li> <li>of subsidiaries in the Ventures division up to a Swisscom investment volume of CHF 5 million (unit of matter).</li> </ul> </li> </ul>			
			D	
				D <sup>10</sup>
			H	D <sup>10</sup>
12.	Authorisation of the principles governing the pension plans and social benefits of Swisscom Ltd and its subsidiaries		D	
13.	Election of employer representatives to the pension plans		D	

<sup>10</sup> Taking into account the general conditions defined by the Board of Directors.



14.	Authorisation of large restructuring projects, in particular those that lead to mass redundancies as defined in Article 335d CO <sup>11</sup>		D	
	• of Swisscom Ltd and the category I and II subsidiaries;		D	
	• of the category III subsidiaries.			D
15.1	Definition of the number of permissible external mandates of the BoD and GEB members in the Articles of Incorporation	D		
15.2	Issuance of directives on the acceptance of mandates outside the Group, including regulation of compensation		D	
15.3	Authorisation to exercise external mandates		D	
	• by the GEB members and the CEOs of category I subsidiaries;		D (CBoD)	
	• by employees at job level A.			D
16.	Appointment and determination of the compensation of the Head of Internal Audit		D	

<sup>11</sup> Separate proposal required only if the restructuring process was not approved as part of financial planning.



D	Environment, Social & Governance (ESG)	AGM	BoD	CEO
1.	Authorisation of the ESG strategy as part of the Group strategy, including the definition of the ESG issues that are material for the Group (including definition of KPIs)		D	
2.	Definition and monitoring of the supply chain policy regarding material ESG issues		D	
3.	Definition of concepts for the implementation of the sustainability strategy for the material ESG issues		H	D
4.	Monitoring of the implementation of the pursued concepts for the material ESG issues and evaluation of the effectiveness of the defined measures (including monitoring of KPIs)		D	
5.	Monitoring of the material risks in relation to the material ESG issues		D	
6.	Decision on the application of rules regarding ESG reporting		D	
7.	Specifications on the structure of internal and external ESG reporting (including internal control system)		D	
8.	Authorisation of ESG reporting	(D <sup>12</sup> )	D	
9.	Decision on the audit of ESG reporting and the choice of auditor		D	

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<sup>12</sup> The report on material non-financial matters (Art. 964<sup>bis</sup> CO).