

Swisscom Ltd

# **Regulation of the Audit Committee of the Board of Directors**

Annex 1.2

of the Organisational Regulation

## **1 Duties of the Committee**

The Audit Committee handles all Board of Directors business in the areas of financial management (such as accounting, financial controlling and financial planning), assurance (risk management, internal control system, compliance and internal audit), external audit, non-financial reporting and other Board of Directors business that requires specific financial expertise (e.g. in connection with tax and the dividend policy). It comments on business matters that lie within the decision-making authority of the Board of Directors and has the final say on those business matters for which it has the corresponding power.

## **2 Committee members**

The Committee is composed of members who are independent in accordance with the applicable laws, provisions and guidelines and who have the necessary expertise in finance and accounting.

## **3 Powers of the Committee**

### **3.1 Motions for the attention of the Board of Directors**

The Committee handles the following business and submits the necessary motions to the Board of Directors with regard to:

Financial management

1. Requirements for structuring the accounting system, financial controlling and financial planning;
2. Monitoring business performance on the basis of financial documents and comments submitted to the Committee by the Group Executive Committee over the course of the year, highlighting any deviations from the budget and plan and action to be taken;
3. Monitoring material risks in connection with key sustainability issues;
4. Authorising the annual report with management report, sustainability report (CSRD/ESRS and disclosure in accordance with Art. 964b CO), annual financial statements and consolidated financial statements, as well as the proposal for the appropriation of retained earnings to the Annual General Meeting;
5. Authorising the report on material sustainability issues and on the fulfilment of due diligence obligations in relation to people and the environment (including the supply chain policy);
6. Authorising the quarterly financial statements and acknowledging the projections;
7. Authorising the Group's medium-term financing planning;
8. Authorising sureties, guarantees, pledges or assignment of assets of Swisscom Ltd and subsidiaries in favour of subsidiaries in excess of CHF 100 million;
9. Authorising sureties, guarantees, pledges or assignment of assets of Swisscom Ltd and subsidiaries in favour of third parties in excess of CHF 50 million and, in derogation from this, approval of bank guarantees in the context of public invitations to tender in Italy in excess of CHF 200 million;

10. Authorising letters of comfort, declarations of subordination, debt waivers and other financial restructuring services of Swisscom Ltd or subsidiaries in favour of subsidiaries in excess of CHF 100 million;
11. Granting of loans and credits to third parties in excess of CHF 50 million and to subsidiaries in excess of CHF 100 million;
12. Authorising long-term financing in excess of CHF 100 million (bank loans, debenture bonds, leases) and authorising short-term financing (<360 days) in excess of CHF 500 million;
13. Authorising structured financing (e.g. securitisation, sale & leaseback, asset-backed deals and equity-linked deals);
14. Authorising factoring, reverse factoring and supplier financing with a total amount over CHF 100 million;
15. Authorising the tax strategy and decisions on fundamental tax issues;
16. Authorising the principles underlying the retirement-benefit plans at Swisscom Ltd and its subsidiaries;
17. Authorising the basic principles of Group-wide liquidity management (including cash pooling) and the corresponding contracts;
18. Notifying the courts in the event of over-indebtedness;

#### **Assurance system**

19. Authorising the objectives, organisation, processes and duties of the Group-wide assurance functions for risk management, the internal control system, compliance and internal audit and issuing the corresponding regulations and directives.

#### **Compliance**

20. Authorising the Code of Conduct;
21. Precautions to prevent insider trading;
22. Authorising the principles for the fulfilment of obligations under stock exchange law (in particular ad-hoc publicity and management transactions);
23. Decisions on applications to register shares in accordance with section 4.5 of the Articles of Incorporation (provisions on the restricted transfer of shares).

#### **Statutory auditor**

24. Selection and, if necessary, dismissal of the auditors to be elected or dismissed by the company's Annual General Meeting;
25. Selection and, if necessary, dismissal of the auditors for category I subsidiaries to be elected or dismissed by the Annual General Meeting.

## **3.2 Decision-making powers of the Committee**

The following business – as well as any other business not listed under section 3.2 that has been transferred to the Committee by resolution of the Board of Directors – is handled and decided by the Committee with final authority. The Board of Directors is informed of the resolutions.

**Financial management**

- 1 Authorising the framework for corporate reporting on the annual financial statements;

**Risk management**

- 2 Monitoring appropriate Group-wide risk management to identify risks and threats and to initiate countermeasures;
- 3 Conducting the annual discussion with the Head of Risk Management;

**Internal control system**

- 4 Monitoring an appropriate Group-wide internal control system;

**Compliance**

- 5 Monitoring an appropriate Group-wide compliance system that ensures compliance with statutory provisions and other external and internal regulations;

**Security**

- 6 Monitoring the security and business continuity management system;

**Internal audit**

- 7 Monitoring an appropriate, effective and independent Group-wide internal audit;
- 8 Authorising the integrated strategic audit plan (ISP), which includes all planned audit activities of external and internal entities within the Group, covering the audit activities of internal units;
- 9 Appointing and determining remuneration for the Head of Group Internal Audit;
- 10 Reporting by the Group Head of Internal Audit, in particular on audit results and collaboration with internal and external entities;
- 11 Issuing assignments to Group Internal Audit;
- 12 Conducting the annual discussion with the Head of Group Internal Audit;

**Statutory auditor**

- 13 Assessing the statutory auditor's legal qualifications, professional competence, independence, remuneration and performance;
- 14 Resolving differences of opinion between the Group Executive Committee and the auditors that arise in connection with the annual financial statements;
- 15 Annual discussion of the consolidated and annual financial statements with the auditors based on a comprehensive report from the statutory auditor;
- 16 Selection and, if necessary, dismissal of the auditors for category II, III and IV subsidiaries to be elected or dismissed by the Annual General Meeting;
- 17 Issuing and ensuring compliance with an audit guideline that, among other things, governs in more detail the duties and independence of the external auditors and the principles of cooperation (in particular with regard to fees, authorisations and the definition of services);
- 18 Conducting the annual discussion with the responsible auditor;

### **Sustainability reporting**

- 19 Monitoring the implementation of the strategies followed for material sustainability issues and evaluating the effectiveness of the defined measures (including monitoring of KPIs);
- 20 Deciding on the application of recognised national and international regulations for sustainability reporting;
- 21 Deciding on the audit of sustainability reporting, including selecting and instructing an auditor, and monitoring audit performance and audit results;
- 22 Structuring internal reporting on key sustainability issues;
- 23 Structuring external reporting on key sustainability issues;
- 24 Designing and monitoring the internal control system to ensure the reliability of sustainability information and sustainability reporting;
- 25 Monitoring compliance with due diligence obligations in relation to people and the environment (including the supply chain policy);

### **Broader scope of power**

- 26 Supervising the maintenance of the share register and register of dematerialised securities, which has been transferred to third parties;
- 27 Authorising a procedure for the confidential, anonymous receipt and handling of complaints relating to external accounting, financial reporting, sustainability reporting and the assurance functions;
- 28 Authorising and enacting further procedures, regulations and directives that the Committee considers necessary or expedient for the proper fulfilment of its duties.

## **3.3 Execution and monitoring of decisions**

The Committee monitors the execution of the decisions listed in section 3.1 and 3.2. Outside the regular meeting schedule, it may also request information on these business matters from those entrusted with business management.

The Committee informs the Board of Directors of any deviations from decisions made.

## **3.4 Chairperson of the Committee**

The Chairperson chairs the meetings of the Committee. They are also responsible in particular for

- Organising the Committee's work;
- Convening meetings;
- Reporting to the Board of Directors;
- Ensuring liaison with the Strategy & Investments Committee and Compensation Committee.

The Chairperson liaises closely with the Group CFO, the Head of Audit, the Head of Group Security & Corporate Affairs and the Head of Group Internal Audit at Swisscom Ltd.

## **4 Functioning of the Committee**

### **4.1 Convocation and agenda**

The Committee meets at the invitation of the Chairperson, or of another Committee member to be determined if the Chairperson is indisposed, or at the request of a Committee member as often as business requires.

The Chairperson draws up the agenda for the meeting. Each Committee member submits proposals and suggestions to be included on the agenda (at least eight days in advance).

The definitive invitation is issued in writing and in consultation with the Committee members (at least five days in advance).

### **4.2 Involvement of external consultants**

Exercising its professional judgement, the Audit Committee is authorised to engage, select, conclude or terminate contracts with third parties, in particular independent lawyers, accountants, tax advisers, auditors or other consultants and experts, to fulfil its tasks and duties. It is further authorised to pay their fees, costs and expenses without requiring the approval of the Group Executive Committee or the Board of Directors. The company must provide the Committee with the appropriate resources to fulfil its duties.

### **4.3 Leadership and participants**

The Chairperson or, if the Chairperson is indisposed, another Committee member to be determined chairs the meetings of the Committee.

Other members of the Board of Directors, individual members of the Group Executive Committee, auditors or other specialists may be invited to attend the meetings in an advisory capacity. The Group CEO, the Group CFO, the Heads of Internal Auditing and Group Accounting, and the statutory auditor-in-charge generally attend every meeting.

At least once a year, the Committee meets with the internal and/or external auditors without involving the management.

### **4.4 Passing of resolutions**

The Committee passes its resolutions at meetings held at a physical venue or at meetings involving the use of electronic means (hybrid or virtual meetings). The electronic means that are used enable the participants to be identified, votes to be transmitted immediately, motions to be submitted, participation in the discussion and an undistorted result of the vote.

The majority of members must be present at the meeting to pass a valid resolution.

A member of the Committee may not be represented by another member of the Committee or by a third party. In the case of known decision papers, it is permissible for the Chairperson to give a written statement. However, it does not count as a vote.

Resolutions are passed by the majority of the votes cast. The Chairperson has the casting vote.

In the case of motions submitted to the Board of Directors, the opinion of the defeated minority must also be presented, unless the decision is taken unanimously.

In all other respects, the provisions of the Organisational Regulation shall apply mutatis mutandis.

#### **4.5 Reporting, minutes and secretariat**

The Chairperson reports to the Board of Directors on the activities of the Committee after each meeting.

Minutes are kept of the Committee's meetings. In addition to the items on the agenda, these document at minimum the motions and resolutions passed. The minutes are confidential and distributed only to the group of persons defined by the Committee.

Secretarial work and minute-taking are generally carried out by the Secretariat of the Board of Directors in the same way as for the Board of Directors.

#### **4.6 Final provisions**

This Regulation of the Audit Committee of the Board of Directors was revised by the Board of Directors on 5 December 2024 and entered into force on 1 April 2025. It replaces the Rules dated 17 March 2023 (valid from 1 April 2023).