

# Swisscom Ltd

## Organisational Rules

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Annex 1.3

**Rules for the Board of Directors' Compensation Committee**

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## **1 Duties of the Committee**

The Compensation Committee supports the Board of Directors in the design and implementation of the principles and rules for compensation (compensation policy) and deals with all Board of Directors' matters relating to compensation. In particular, it puts forward motions on the Group's salary policy, the compensation concept for the Board of Directors and the Group Executive Board, the general terms and conditions of employment for senior management, the share and profit-sharing schemes, and the total amount of all compensation paid to the Group Executive Board and the CEO. In addition, it determines the individual compensation of the members of the Group Executive Board excluding the CEO. The Committee also deals with succession planning at the level of the Group Executive Board and N- as well as with talent management. It comments on business matters that lie within the decision making power 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 three to six members of the Board of Directors who are generally independent within the meaning of applicable laws, regulations and guidelines. The members are elected individually each year by the Annual General Meeting of Shareholders. If the number of members in the Compensation Committee falls below the minimum number of three members, the Chairperson of the Compensation Committee shall inform the Chairperson of the Board of Directors. The Board of Directors shall then appoint the missing member(s) from among its members until the conclusion of the next Annual General Meeting of Shareholders.

Otherwise the Compensation Committee constitutes itself.

## **3 Powers of the Committee**

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

The Committee deals with the following matters – as well as other matters assigned by the Board of Directors relating to compensation – and submits the necessary motions to the Board of Directors with regard to:

1. Approval of the compensation concept of the Board of Directors of Swisscom Ltd and its compensation within the scope of the total amount approved by the Annual General Meeting of Shareholders for the compensation of the Board of Directors;
2. Approval of the compensation concept, the general terms and conditions of employment and the expenses regulations for the Group Executive Board;
3. Approval of the guideline on variable profit sharing for the Group Executive Board;
4. Approval of the general terms and conditions of employment for employees in senior management positions (excluding the Group Executive Board) at Swisscom Ltd and at the subsidiaries in categories I and II;
5. Approval of share and profit-sharing schemes for senior management and employees of Swisscom Ltd and the subsidiaries;



6. Approval of incentive targets for the Group Executive Board;
7. Proposal by the Board of Directors to the Annual General Meeting of Shareholders regarding the maximum total amounts of compensation for the Board of Directors and the Group Executive Board;
8. Determination of the total amount of all compensation paid to the Group Executive Board as well as the compensation of the CEO (base salary, variable component, profit-sharing schemes, fringe benefits and other compensation components) within the scope of the total amount approved by the Annual General Meeting of Shareholders;
9. Monitoring of succession planning at the level of the Group Executive Board and N-1 as well as talent management.

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

The following matters – as well as, by resolution of the Board of Directors, any other matters not listed in section 3.2 – shall be dealt with and decided upon by the Committee with final authority. The Board of Directors shall be informed about the resolutions.

1. Determination of the individual compensation of the Group Executive Board members excluding the CEO (base salary, variable component, profit-sharing schemes, fringe benefits and other compensation components) within the scope of the total amount approved by the Board of Directors.

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

The Committee supervises the execution of the decisions listed in sections 3.1 and 3.2. It may also request information on these matters from the persons entrusted with management outside of the meetings. Once a year, the Committee also reviews compliance with the minimum shareholding requirement for members of the Board of Directors and the Group Executive Board.

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

### **3.4 The Chairperson of the Committee**

The Chairperson chairs the Committee meetings. In addition, the Chairperson is responsible in particular for:

- organising the work of the Committee;
- convening meetings;
- reporting to the Board of Directors;
- ensuring the liaison with the Strategy & Investments and Audit & ESG Reporting Committees.

The Chairperson liaises closely with the Head of Group Human Resources.



## **4 Functioning of the Committee**

### **4.1 Convening and agenda items**

The Committee meets upon invitation by the Chairperson – or, if this person is unable to issue the invitation, by another Committee member to be determined – or at the request of a Committee member, as often as business requires.

The Chairperson compiles the list of agenda items for the meeting. Each Committee member submits motions and suggestions to be included in the list of agenda items (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 Management and participants**

The Chairperson or – if this person is unable to do so – another Committee member to be determined chairs the Committee meetings.

Other members of the Board of Directors, individual members of the Group Executive Board, auditors or other experts may be called upon to attend the meetings in an advisory capacity. The CEO and CPO generally attend every meeting.

### **4.3 Passing of resolutions**

The Committee takes its decisions or passes its resolutions at meetings with a venue or at meetings that involve the use of electronic means (hybrid or virtual meetings).

Resolutions may only be passed if the majority of the members are present at the meeting.

A member of the Committee may neither be represented by another member of the Committee nor by a third party. In the case of known decision papers, a written statement, which is presented by the Chairperson, is permissible. However, it does not count as a vote.

Resolutions are adopted with the majority of votes cast. The Chairperson shall have the casting vote.

In the case of motions submitted to the Board of Directors, the opinion of the defeated minority is also presented – unless the decision was unanimous.

The provisions of the Organisational Rules also apply mutatis mutandis.

### **4.4 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 meetings which, in addition to the items on the agenda, document, as a minimum, the motions and the resolutions adopted. The minutes are confidential and are given only to the group of persons defined by the Committee.

In all other respects, secretarial work and minute taking are generally provided by the Secretariat of the Board of Directors in the same way as for the Board of Directors.



**5 Final provisions**

These rules were last revised by the Board of Directors at its meeting on 17 March 2023 and entered into force on 1 April 2023. They replace the rules of 13 June 2014 (in force since 13 June 2014).

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